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Redrawing State-society Boundaries: Egypt's Dynamic Social Contract

Maggie Samir Kamel

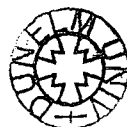
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Submitted for the degree of Ph.D.

University of Durham

Institute for Middle Eastern & Islamic Studies

2001



26 MAR 2002

Abstract

Most LDC regimes, especially those with a colonial past, suffer from a deficit in legitimacy. Basing their rule on the personality and achievements of one person, these regimes have failed to pass on their legitimacy to their successors, or sometimes even secure legitimacy for the state. They have drawn up a social contract with their populations that entailed obligations to achieve objectives such as industrialisation, national and economic independence, and welfare of their societies. In return, their populations were expected to support their regimes, and surrender their political rights and liberties.

In this research, we focus on the social contract in Egypt, as an example of an LDC state where the regime has suffered from a lack of legitimacy since the country gained its independence in 1952. Over the last five decades, Egyptian regimes have forged a social contract with their populations in order to legitimise their rule. The social contract encompassed achieving objectives adopted by the regime on the domestic and international level according to their visions. The formula of the social contract has been modified by the regime in response to changes in domestic and international factors.

One of the main obligations that the regime has committed itself to since 1952 has been welfare provision by the state. The commitment of the regime to provide

welfare for the population has been an effective tool to generate legitimacy. Thus, the maintenance of a 'welfare state' has constituted a central component of the social contract since 1952. However, a social contract based on welfare provision has not been durable; this type of contract has secured the regime legitimacy only as long as it has been able to deliver welfare products. As industrialisation failed to take off, Egyptian regimes found it difficult to sustain the welfare state. Their attempts to withdraw from welfare provision, without compromising their legitimacy, have been unsuccessful. This is because the regime has marketed welfare provision by the state as a right of the public based on citizenship; the populace has proved resilient in defending this right. Hence, the regime had to rely upon aid and or external borrowing to postpone the crisis; and modify the social contract by introducing some measures of political liberalisation.

Table of Contents

Introduction	1
Introduction	1
Industrialisation	2
Welfare Policies	5
Hypothesis of the Study	7
Focus of the Research	9
Organisation of the Research	10
Case Study: Egypt	11
Fieldwork	13
 Chapter One: The State and Civil Society	 16
Introduction	16
The State	18
Defining the State	20
Determining the Strength of the States	23
Strong States vs. Weak States	24
Autonomy of the State	29
Legitimacy	34
Negative Acceptance of Authority	37
Positive Acceptance of Authority	37

The Social Contract	40
Legitimacy of Political Authority	46
Criticisms of Contract Theory	48
Legitimacy in LDCs	56
Welfare	58
Development	59
Foreign Affairs	60
Legitimacy of Arab Leaders	60
Political Participation and Democracy	62
Civil Society	67
Characteristics of Civil Society	70
Civil Society and Democratisation	75
Conclusion	79
 Chapter Two: The Welfare State	 84
Introduction	84
Systems of Welfare Provision	86
The Welfare State	88
The Philosophy	89
Origins of the Welfare State	94
Expansion of the Welfare State	99
Decline of the Welfare State	101
‘Models’ of Welfare Provision	106
Universal vs. Selective Welfare Schemes	108
The Welfare State and the Social Contract	112

The Western Welfare State and the Social Contract	115
The LDC Welfare State and the Social Contract	116
Kinds of Welfare	118
Conclusion	121
 Chapter Three: The State and Society in Egypt	126
Introduction	126
Monarchical Egypt	129
The Political System	133
The President	134
The People's Assembly	136
The Social Contract	139
Nasir	141
Domestic	142
International	144
Nasir's Social Contract	148
The Ruling Elite and the Social Contract	149
Middle and Lower Income Groups and the Social Contract	151
Civil Society and the Social Contract	153
Civil Society in Egypt	154
Civil Society after the Revolution	155
State-society Relations under Nasir	161
Sadat	161
Domestic	162

International	168
Sadat's Social Contract	171
The Ruling Elite and the Social Contract	172
Middle and Lower Income Groups and the Social Contract	176
Civil Society and the Social Contract	179
State-society Relations under Sadat	183
Mubarak	184
Domestic	185
The Political Scene under Mubarak	186
The Economy	191
International	192
Mubarak's Social Contract	195
The Ruling Elite and the Social Contract	197
Middle and Lower Income Groups and the Social Contract	200
Civil Society and the Social Contract	204
State-society Relations under Mubarak	207
Conclusion	208

Chapter Four: The Welfare State: The Egyptian Case 214

Introduction	214
A Welfare State in Egypt?	217
Nasir: The Rise of the Welfare State	220
Nasir's Socialism	222

The Five-year Plan	224
Land Reforms	227
Social Welfare	228
Food Subsidies	229
Education	233
Public Health Care	236
Nasir's Welfare State and the Social Contract	238
Sadat: Expansion of the Welfare State	240
Social Welfare	243
Food Subsidies	243
The 1977 Food Riots	246
Education	251
Public Health Care	253
Sadat's Welfare State and the Social Contract	254
Mubarak: Retrenchment of the Welfare State	255
Social Welfare	263
Food Subsidies	263
Education	266
Public Health Care	271
The School Health Insurance Programme	272
Mubarak's Welfare State and the Social Contract	276
Conclusion	277

Chapter Five:	Fieldwork	282
	Introduction	282
	Methodology	284
	Structured Survey	285
	Focus Groups	286
	Interviews	287
	Study Design	288
	Sampling	289
	Criteria for Selection of Subjects	291
	Questionnaire	292
	Outline of the Questionnaire	292
	Data Collection	293
	Results	295
	Background Information	295
	Income	305
	Food Subsidy	311
	Education	325
	Health Care	335
	Discussion	346
	Household Background	346
	Income	348
	Food Subsidy	350
	Education	354
	Health Care	358
	Limitations of the Research	361

Potential Areas of Research	363
Conclusion and Recommendations	365
Conclusion	367
Conclusion	369
Introduction	369
The Social Contract	371
The Western Welfare State	374
The LDC Welfare State	376
Egypt's Social Contract	379
Nasir's Social Contract	379
Sadat's Social Contract	381
Mubarak's Social Contract	383
The Egyptian Welfare State	385
Nasir's Welfare State	385
Sadat's Welfare State	386
Mubarak's Welfare State	388
Conclusion	390
Appendix	395
Questionnaire in English	396
Questionnaire in Arabic	405
Bibliography	415

List of Tables

Table 4.1: Expansion in enrolment in primary, preparatory and secondary education during the period 1953/54-1969/70	235
Table 4.2: Current account and external debt 1974-80	241
Table 4.3: Subsidies as a percentage of total government expenditure	250
Table 4.4: Subsidies as a proportion of total public current expenditure, 1970-1980 in E£ million	250
Table 4.5: Expansion in enrolment in primary, preparatory, and secondary education during the period 1970/71-1980/81	252
Table 4.6: Some economic indicators during the period 1981-90	260
Table 4.7: Expansion in enrolment in primary, preparatory, and secondary education during the period 1981/82-1997/98	267
Table 5.1: Members of households grouped by age category and sex	296
Table 5.2: Marital status of members of households grouped by sex	297
Table 5.3: Educational qualifications of members of households not in formal education grouped by sex	299
Table 5.4: Reasons for leaving school or never joining the education system distributed by sex	299
Table 5.5: Members of households still in formal education grouped by age category and sex compared to total members of households	300
Table 5.6: Members of households still in formal education grouped by age and stage of education	301
Table 5.7: Distribution of members of households not in workforce	302

Table 5.8: Occupations of members of households classified by sex	303
Table 5.9: Means of income of employed members of households grouped by sex	304
Table 5.10: Income groups of households	306
Table 5.11: Income groups classified by religion of household	306
Table 5.12: Income groups classified by number of members in household	307
Table 5.13: Households with one source of income	308
Table 5.14: Households with two sources of income	308
Table 5.15: Households with three sources of income	309
Table 5.16: Sources of income for households	309
Table 5.17: Households that receive assistance from COs and/or MOs	310
Table 5.18: Percentage of Muslim/Christian households that receive assistance from religious organisations	310
Table 5.19: Household has a ration card	311
Table 5.20: Households that have/do not have a ration card grouped by income categories	311
Table 5.21: Reasons for not having a ration card	312
Table 5.22: Type of ration card	312
Table 5.23: Households that have/do not have ration cards grouped by income categories	313
Table 5.24: Members of household covered by the ration card	313
Table 5.25: Usage of ration card	314
Table 5.26: Preferred type of subsidy	315
Table 5.27: Reasons for choosing money as a preferred type of subsidy	315
Table 5.28: Reasons for choosing ration cards as a preferred type of subsidy	316

Table 5.29: Average food consumption of households grouped by income	317-324
Table 5.30: Anyone in private education	326
Table 5.31: Reasons for joining private education	326
Table 5.32: Tuition fees	327
Table 5.33: Students require help with their studies	327
Table 5.34: Type of help children receive with their studies	328
Table 5.35: Average cost of lessons category	330
Table 5.36: Desired stage of education for boys/girls	330
Table 5.37: Children in technical education	331
Table 5.38: Reasons for choosing technical education	331
Table 5.39: Have those who are in technical education benefited from it?	332
Table 5.40: Why have they not benefited from technical education?	332
Table 5.41: Which type of education is better?	333
Table 5.42: Why craft learning a craft is better?	333
Table 5.43: Reasons for sending children to school	334
Table 5.44: Anyone ill last month	336
Table 5.45: Did all those who were ill seek medical treatment?	337
Table 5.46: Why did those who were ill not seek medical treatment?	337
Table 5.47: Health facilities visited by those who sought treatment	338
Table 5.48: In which type of illness does household seek medical treatment for its children?	338
Table 5.49: Where does household seek medical treatment for its children?	339
Table 5.50: In which type of illness does an adult seek medical treatment?	339
Table 5.51: Why will an adult not seek medical treatment?	341
Table 5.52: Where does an adult seek medical treatment?	341

Table 5.53: Assessment of health facilities used by households in the sample	342-344
Table 5.54: Any problems with medicine	345
Table 5.55: Problems with medicine	345
Table 5.56: Fees on average in health facilities used by respondents in E£	359

List of Figures

Figure 5.1: Members of households grouped by age category and sex	297
Figure 5.2: Marital status of members of households grouped by sex	298
Figure 5.3: Income groups classified by religion of household	307

Declaration

The author thereby certifies that none of the material offered in this thesis has previously been submitted by the candidate for a degree in this or any other university.

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Notes on Transliteration

The author has followed the system of transliteration of the Library of Congress with a slight modification; diacritics are placed over the vowels (*ā*, *ī*, *ū*) rather than before them (*˘a*, *˘i*, *˘u*); and ' has been used for *hamzah* and ʿ for *ʿain*. To keep the transliteration simple, however, the author has followed the conventional way in writing names common in Western literature, such as Nasir, Sadat, and Mubarak.

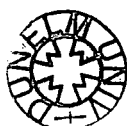
Introduction

Introduction

Western democratic states have been characterised by stability, symbolised in the absence of coup d'états or revolutions since World War II.¹ One can argue that this has been due to the presence of a social contract between the state and society that is founded upon respect of liberties, property, and maintenance of social cohesion. This has been facilitated by the existence of strong democratic institutions that guarantee the rotation of power peacefully through an election process. This system allows the formation of 'corporations', representing the different interest groups in society, and enables them to influence policy formulation.

In contrast, many regimes in less developed countries (LDCs), which lack legitimacy, have failed to create democratic institutions that can legitimise their rule and bring about the desired stability. Thus, a major challenge for these LDC regimes has been how to maintain stability in the absence of legitimacy.

¹ Huntington, S., *The Third Wave: Democratization in the Late Twentieth Century*, (Norman: University of Oklahoma Press, 1991), pp. 16-18.



Many regimes in post-independent LDCs have come to power through military coups. Once they reached power, these regimes found it difficult to preserve their rule, due to their lack of legitimacy, and in some cases of the state as well. Therefore, stability has been a major preoccupation of these regimes. To these regimes, stability means the preservation of their rule.

Lacking sound democratic institutions that can guarantee stability, these regimes have tried to legitimise their rule and achieve stability through another form of social contract with their populations. According to this contract, the regime pledges to meet certain obligations dictated by its vision, in return for the support of the population. These obligations included ambitious objectives, such as industrialisation and modernisation, and pursuing national and economic independence. Additionally, many of them have extended welfare policies, which in some cases, such as in India, have been installed by former colonial powers.² And when they have been unable to control their opponents, they usually resorted to repression.

Industrialisation

Many LDCs gained their national independence throughout the 1950s and 1960s. National independence was then believed to be tied to economic independence. The newly independent nations aspired to achieve economic growth, self-reliance, and social justice, and soon become like the European countries that managed to build

² Midgley, J., "Theoretical Implications of Third World Social Policy Research", in S. MacPherson, and J. Midgley (eds.), *Comparative Social Policy and the Third World*, (Sussex: Wheatsheaf, 1987), pp. 119-121.

their economies after their entire destruction in the aftermath of World War II with the aid of the Marshall Plan.³

Structural development theorists, such as Prebisch, Seers and Myrdal, argued that the structure of the world economy worked against the development of LDCs. LDC economies were characterised by the dominance of primary commodity exports in their international trade.⁴ They traded primary commodities for manufactured goods from industrialised economies. The declining terms of trade for primary commodities versus manufactured products favoured industrialised advanced economies at the expense of LDCs. So if these countries wished to become independent economically, they should industrialise their economies, through import-substitution (IS) policies, and protect their domestic infant industries from competition of foreign products.⁵

By the late 1960s, most of these economies, which had adopted IS industrialisation policies, came to realise the limitations of these policies once they finished the easy first stage of IS, of producing labour-intensive consumer goods. They were trapped into the second more complex stage that entailed the production of intermediate capital-intensive goods.⁶ Other LDCs, mainly African countries, have based their

³ Abdel-Waheed, M., "Aid and Debt Issues in Egypt: Past Trends and Future Prospects", *L'Egypte Contemporaine*, no. 446, April 1997, pp. 70.

⁴ For figures of export structure of some LDC see Cypher, J., and J. Dietz, *The Process of Economic Development*, (London: Routledge, 1997), pp. 274-275.

⁵ Hunt, D., *Economic Theories of Development: An Analysis of Competing Paradigms*, (New York: Harvester Wheatsheaf, 1989), pp. 47-59.

⁶ Cypher, J., and J. Dietz, *The Process of Economic Development*, (London: Routledge, 1997), pp. 300-302.

industrialisation on manufactured capital-intensive goods in an attempt to move away from dependence on agriculture and export of primary products.⁷ In both cases, these economies became more dependent on the developed economies for technology; and the desired objectives of sovereignty once again faltered.

Since the late 1970s, advocacy of a free market economy gained prominence, as IS policies had failed to achieve economic development. The public sector in most LDCs failed to play an effective role in producing economic growth; it expanded and became inefficient, acting more as a drain on the modest resources of these countries than an 'engine of growth'. Thus, neo-liberal economists were vindicated and they called for the confinement of the government to providing national defence and maintaining domestic security.⁸

Neo-liberal economists opined that many LDC economies experienced difficulties due to their inward-oriented policies. This was exacerbated by the oil shocks of the 1970s and the recession that followed, as the US and Britain adopted tight monetary policies in order to control domestic inflation. In response to escalating economic difficulties, most of LDC countries attempted to protect their industries, while maintaining their consumption levels. They were able to sustain both requirements

⁷ Cammack, P., D. Pool, and W. Tordoff, *Third World Politics: A Comparative Introduction*, (Basingstoke: Macmillan Education, 1988), pp. 55-56.

⁸ Bauer, P., "Remembrance of Studies Past", in G. Meier, and D. Seers (eds.), *Pioneers in Development*, (New York: Oxford University Press, Published for the World Bank, 1984), pp. 30-31.

through external aid and borrowing.⁹ Most LDCs borrowed from international banks short-term loans at excessively high interest rates. Consequently, their debts started to accumulate at an unprecedented rate rising from US\$92 billion in 1972 to US\$760 billion in 1982.¹⁰

Due to the global recession, LDCs immersed in debt found it difficult to service their debt. Subsequently, Mexico declared moratorium on its debt in 1982. Concerned about the possibility of other countries following suit, the IMF and the US interfered to overcome the debt crisis and save the international financial system from collapsing. They assisted 'potentially defaulting countries', through debt reschedule, debt-for-equity and debt-for-nature swaps. These countries were also pressured to adopt structural adjustment programmes by tying aid and extension of funds to economic performance in those programmes.¹¹

Welfare Policies

Since their independence, most LDC regimes have adopted welfare policies, represented in food subsidies, free health care and education, and guaranteed employment. These regimes have purported that welfare policies have been

⁹ Cypher, J., and J. Dietz, *The Process of Economic Development*, (London: Routledge, 1997), pp. 533-546.

¹⁰ *World Debt Tables: External Debt of Developing Countries*, (Washington, D.C.: The World Bank, 1989, 1991).

¹¹ Cypher, J., and J. Dietz, *The Process of Economic Development*, (London: Routledge, 1997), pp. 547-550.

implemented to enhance development and social justice. However, in most cases these policies have been manipulated by the ruling regimes to gain the support of their populations at the grass-root levels, while keeping them away from political participation.

Most of these states were newly created after independence; and even the ones that enjoyed a long tradition of statehood were not institutionalised in a way to promote political participation and democracy. Most leaders of LDC states have sought to accumulate power vis-à-vis society in order to secure their regimes. They have done this by blocking most avenues to political participation, and suppressing the development of a dynamic civil society in order to prevent the emergence of any group that could challenge their authority.

Thus, they have taken away from their populations the right to participate in exchange for some economic benefits. In effect, these regimes have tried to forge a social contract with the middle and lower income groups of their populations, who have been bypassed in the process of economic growth through industrialisation. According to this contract, regimes provide their populations with goods and services and the latter offer their support.

However, the durability of this type of contract is highly questionable because of the limited resources of these states. LDC states cannot afford to sustain welfare provision indefinitely, with modest economic growth rate, taking into consideration population growth. Financing current consumption can come from government revenues, borrowing or aid. Devoting government revenues to finance welfare

policies and current consumption undermines economic growth. This is because state resources can be employed alternatively to finance industrial projects or infrastructure that can contribute to investment and economic growth. Borrowing is not a favourable option as it ties future earnings of the country, through interest rate payments, and it means that current consumption is materialised at the expense of future consumption. Finally, aid compromises the sovereignty of the state, as the economy becomes dependent on external aid, which is usually conditional.

Consequently, once these resources dry up, the state is burdened by debt and it experiences a 'fiscal crisis'. Then the regime is under pressure to adopt retrenchment policies, which involve diminishing its welfare programmes. However, as the social contract is based upon exchange of goods and services for political support, the legitimacy of the regime is compromised. Hence, the beneficiaries of welfare policies have the right to resist the authority of the regime; and the fragility of legitimacy of the regime is exposed.

Hypothesis of the Study

This study examines the crisis of legitimacy in LDCs. The author argues that many LDC regimes in their desperate quest for legitimacy have manipulated social policy to gain the support of segments of middle and lower income groups, who have not been incorporated into the system through patronage. The research focuses upon the social contract based on welfare provision as an instrument for generating legitimacy.

Legitimacy, the author argues, is a dynamic concept; in other words, regimes may enjoy legitimacy at certain points in their rule more than at others. Moreover, legitimacy exists along a *continuum* so that the population may be acquiescent to its regime not only because of its belief in the right of the regime to rule and the soundness of the regime's policies, but also because of a *conditional consent*. The relationship between the public and the regime can be based upon exchange, whereby the former gains from material benefits in exchange for the support it offers the regime. This type of relationship forms the essence of the social contract in many LDC states.

In this research, the author examines the durability of this formula of social contract between the regimes and citizens in the developing world. The researcher opines that welfare policies have been manipulated in LDCs, by the regimes, in order to generate the legitimacy that they lacked upon assuming power after independence.

This approach has ensured the survival of the regime and served the interests of the ruling elite by allowing them to make considerable profits from the prevalent political and economic system, with minimum resistance from the disadvantaged groups within society. Thus, the welfare state serves more as an apparatus of legitimation than a device to enhance the welfare of citizens or to promote the rise of a welfare society. The regime tries to balance the conflicting interests of the ruling elite and lower income groups, whilst maintaining conditions that serve the interests of the ruling elite and/or the state.

Focus of the Research

In order to examine the social contract between LDC regimes and society, this research focuses upon:

- the state;
- the civil society.

The state is central to the analysis of the social contract between the regime and society. This is because the formulation and implementation of a social contract based upon the surrender of the right to participation by the populace, in return for welfare gains, is determined by the *strength* and *autonomy* of the state to apply this formula. Therefore, a discussion of the strength, autonomy and legitimacy of the state is vital for the scrutiny of the social contract. In particular, we need to investigate what determines the strength of the state and the autonomy a state enjoys from different interest groups within society. Then we need to explore the relevance of the social contract to the legitimacy of political authority.

Social contract theory attempts to explain the emergence of civil government and the legitimacy of political authority. Social contract theorists, basically, argue that civil government originated to protect the life, property, and liberties of individuals. The ruler, therefore, has an obligation to promote the liberties of citizens, who should submit to his/her authority so long he/she carries out his/her obligations. Once the ruler fails to meet his/her obligations, citizens have a right to resist his/her authority. Thus, the social contract legitimises the authority of the ruler.

When the regime commits itself to provide welfare to legitimise its rule, the acceptance of the authority of the regime is tied to its ability to meet its welfare obligations. The ability to deliver welfare is dependent upon the resources of the state. This implies that once these resources are exhausted, the regime faces a difficulty in meeting its obligation, and the risk of the population turning against the regime rises. At this point, the regime is compelled to modify the terms of the contract, and in the absence of resources, it has to allow the civil society more autonomy to play a larger role in meeting the needs and wants of the public.

The civil society, which comprises voluntary associations, acts as a mediator between the state and the individual (or the household); it represents and advances the interests of citizens. A strong civil society is more efficient than the state in meeting the needs and wants of citizens because it springs from voluntary activity, and is, therefore, more sensitive to these needs. However, it poses a threat to the ruling regime, if its legitimacy is weak, as it highlights the failure of the regime to provide welfare for society, and, therefore, could act as a viable vehicle for democratisation, especially as the contract based on welfare provision collapses.

Organisation of the Research

Since the focus of the research is state-society relations in LDCs, we need to examine the state, and civil society. The first two chapters will form the theoretical foundation of the study. In chapter one, we will present a definition of the state; then we will explore the concepts of strength and autonomy of the state in making

decisions and formulating policies. A key concept for the purpose of the research that will be examined at length is the legitimacy of the regime, particularly in LDCs. Then we will look at the other component of the study, the civil society, identifying its main characteristics and its significance for the study of the social contract in LDCs.

In chapter two, we will look at the welfare state, exploring its philosophy, origins in the West, and the explanations behind its rise, expansion, and retrenchment. We will propose a definition of the welfare state that suits the purpose of this study. We will examine the different models of the welfare state, and universal vs. selective schemes of welfare provision. Finally, we will discuss the applicability of the welfare state to LDC states in order to comprehend how welfare provision has been utilised as the basis of the social contract to generate legitimacy.

Having laid the theoretical foundation of the research, we will apply it to the case study, Egypt.

Case Study: Egypt

In this research, we are particularly interested in the relevance of welfare provision, as one of the main declared obligations of the regime towards the population, to the social contract in many LDCs. The author uses Egypt as a case study to consider this form of social contract in LDCs.

In chapter three, we will highlight state-society relations in Egypt during the period 1952-2000. We will analyse the social contract formulated by Egyptian regimes since the 1952 revolution. The author argues that Egyptian regimes since 1952 have aimed to generate legitimacy by operating at two levels, domestic and international. Domestically, they have employed a corporatist model to co-opt key groups in society into the system. The regime has manipulated welfare policies to gain the support of middle and lower income groups. As Egyptian regimes have been reluctant to share power, they have continually suppressed civil society. At the international level, Egyptian regimes have tried to capitalise on their victories in foreign policy to acquire the support of their population. Furthermore, they have used the rent from Egypt's geo-strategic location to secure foreign assistance that has been employed to finance industrialisation and/or welfare provision.

In other words, the welfare state has been crucial to the social contract in Egypt. The regime has pledged to provide the population with welfare products, such as subsidised basic foodstuffs, and free education, in return for its acquiescence.¹²

The study of the Egyptian case will allow us to test the durability of a social contract founded upon this type of exchange between the state and society. The hypothesis of the author is that a social contract founded upon welfare provision, is not durable because it is conditioned by the ability of the regime or the state to secure the required resources to finance the welfare state. This hypothesis is validated by

¹² Hinnebusch, R., "The Formation of the Contemporary Egyptian State from Nasser and Sadat to Mubarak", in I. M. Oweiss (ed.), *The Political Economy of Contemporary Egypt*, (Washington, D.C.: Center for Contemporary Arab Studies, Georgetown University, 1990), pp. 189.

tracing the rise, expansion and decline of the welfare state under the three successive regimes that have ruled Egypt since the revolution. The case study shows that legitimacy engendered through welfare provision is not stable, as it is conditioned by the availability of resources.

In chapter four, we will investigate the existence of a welfare state in Egypt. Applying the definition proposed in chapter two, the author characterises Egypt, within the time frame of the study, as a welfare state. The development of the welfare state in Egypt could be divided into three phases: rise, expansion, and retrenchment of welfare provision. We will examine how Nasir's regime employed welfare policies to generate the needed legitimacy once he was in power, through food subsidies, free education, and public health care. Then we will analyse the reasons behind his successor's, Sadat, expansion in welfare provision. Finally, we will discuss the phase of retrenchment under Mubarak.

In order to present an analysis of the social contract based on welfare provision, we need to examine the perceptions of the beneficiaries of welfare state of public welfare products, especially those at the lower end of social strata, who tend to be politically and socially excluded. Therefore, a fieldwork measuring the perceptions of these groups of the welfare products provided by the state proved essential.

Fieldwork

In chapter five, we present the findings and conclusion of a fieldwork conducted by the researcher during the period December 1998 – October 1999. The fieldwork

assesses the accessibility of lower income households, in a low-income district in Cairo, to welfare products offered by the state in the fields of food subsidies, education, and health care. The fieldwork also highlights voluntary efforts of religious organisations that serve as alternative providers in many cases for these households. The author suggests that the success of these organisations is double-edged. On the one hand, it relieves the state by sharing the heavy burden of providing for society, given the limited resources of the state. On the other hand, it leads to the alienation of these groups from the regime, and widens of the gap between the state and its disappointed population that gave up its right to participation for welfare but was not gratified by the poor performance of the state.

Results from the fieldwork have been used by the researcher as an indicator of the perceptions of these households of the ability and commitment of the state to meet their needs in the aforementioned areas. The researcher used a non-probability sample of 160 households from a low-income district in Cairo. Due to the sensitivity of the study, the researcher had to depend on a network of friends in approaching interviewees, whose identities were kept anonymous.

The sample comprised the two major religious elements of Egyptian society, Muslim and Christian, to be able to investigate the role of religious institutions in providing an alternative channel of assistance to the poor.

The purpose of the questionnaire is to assess:

- The accessibility of goods/services in areas of food subsidies, education, and health-care provided by the state.
- The degree to which lower income households use these products.
- How lower income households rate these products.
- The services provided by religious organisations as an alternative to those offered by the state; and how they are rated by the users from lower income households.

As lower income groups lack resources to influence policy formulation, their interests have usually been overlooked. Nevertheless, these groups have managed to benefit marginally from welfare products extended to the whole population, as part of the social contract between the state and the population. The author avers that the regime, due to financial constraints, has failed to fulfil a major obligation of the social contract. The implication of this failure is that society is looking for alternative means to satisfy its needs. Thus, the regime has to redefine the contract by allowing the civil society to operate more autonomously to help serve those unmet needs in order to ensure stability and continuity. So far, the regime has shown resilience in meeting societal demands for a more liberal environment conducive to the operation of an active civil society because of its lack of legitimacy. This is because of its concern that its legitimacy will be further diminished by the success of a dynamic civil society that serves the needs of its local constituencies.

Chapter One

The State and Civil Society

Introduction

Many regimes in LDCs suffer from a deficit in legitimacy. To consolidate their rule, these regimes have tried to acquire legitimacy by drawing up a social contract with society that served their interests. They have tried to appeal to their populations through various means, such as nationalism, economic development, and welfare provision. In return, they expected their populations to provide them with support and allow the regime to steer the nation according to the vision of the regime.

This research focuses upon the social contract and its durability in LDCs, using Egypt as a case study. In order to examine the social contract, we need to look at the parties involved in the contract, namely, the state and society, and analyse the relationship between them. The social contract governs the relationship between the state and society by setting out the terms of exchange of the contract that define the relationship between the two parties.

Many regimes in LDCs have tried to expand their autonomy at the expense of society. In return, they have pledged to achieve national and international objectives. By claiming to promote the common interest, they have also tried to suppress civil society in order to prevent it from posing a challenge to their rule and acting as a vehicle for democratisation. However, usually regimes have been unable to keep their part of the social contract; and they have redefined the formula of the social contract. This has afforded civil society an opportunity to reassert itself vis-à-vis the state and assume a larger role in the new formula.

In this chapter, we will lay down the theoretical foundation to understanding the relationship between state and society by focusing on the following:

- state;
- civil society;

In the first part of this chapter, we will examine existing definitions of the state; additionally, we will analyse the factors that affect the ability of the state to formulate and implement decisions and policies, namely, strength, autonomy, and legitimacy. After that, we will consider the role played by civil society in the political, economic and social arenas. In chapter two, we will investigate the rise and decline of the welfare state as an arm of paternal governance. This will enable us to understand how social policy has been manipulated by many LDC regimes in order to acquire legitimacy.

The State

The state regulates society and relationships among different actors within society. For the purpose of this research, which is to examine the durability of the social contract in Egypt based on welfare provision, we need to understand the relationship between the state and society, especially in terms of state obligations. In order to ascertain this, it is critical to arrive at a suitable working definition of the state.

When we examine the state, from this perspective, we need to focus upon three particular concerns:

- state strength;
- state autonomy;
- state legitimacy.

These concerns are central to the understanding of the interaction between state and society. They constitute a state-centred approach to the study of the state. This approach, which has been mainly employed by political scientists, however, has lost some of its appeal since the collapse of the Soviet Union in 1991, and the maturation of many of post-independent states. This approach stands in contrast to the sociological approach, which focuses on the configuration of interest groups within society. The debate over the state has generated a wealth of literature. Below is a summary of that debate:

1. **Society-centred approach:** This approach was popular in the United States and Britain in the 1950s and until the mid-1960s. The society-centred approach claims that the state represents the differing interests of society. Policies are formulated by public officials to serve the interests of powerful groups, who control resources in society.¹
2. **State-centred approach:** By the late 1960s, the state has been perceived in Western literature as an actor whose policies are effective in shaping the institutional structures of society. According to this approach, the state is autonomous, in the sense that it acts according to its own preferences regardless of the interests and preferences of the contending groups within society.²

The author believes that neither of the two approaches is sufficient for the understanding of the state. In this study, therefore, we will combine the two approaches. Nordlinger observed that '[t]aking the state seriously entails bringing together state- and society-centred analyses in a meaningful manner, in ways that parallel the coexistence and interrelationships between the state and society'.³

Before proceeding any further, however, we need to propose a suitable definition of the state.

¹ Nordlinger, E., "Taking the State Seriously", in M. Weiner, S. Huntington, et al. (eds.), *Understanding Political Development*, (Glenview: ScotForesman, 1987), pp. 354-355.

² Nordlinger, E., "Taking the State Seriously", in M. Weiner, S. Huntington, et al. (eds.), *Understanding Political Development*, (Glenview: ScotForesman, 1987), pp. 355.

³ Nordlinger, E., "Taking the State Seriously", in M. Weiner, S. Huntington, et al. (eds.), *Understanding Political Development*, (Glenview: ScotForesman, 1987), pp. 361.

Defining the State

According to the pluralist perspective, 'the state is perceived as an arena in which conflicting interests compete for scarce resources. It is a means of managing competition, so that the state is recognised as a legitimate way to settle such disputes'.⁴ The interests of competing groups within society are balanced, as the state is neutral towards all the groups.⁵ Meanwhile, no group has an interest to push its demands more than the other groups due to 'cross-loyalties'. Individuals may belong to more than one group simultaneously; for example, individuals of one profession belong to different social classes. This ensures that they will not push the interests of their profession at the expense of their social class. In other words, 'co-operation' is the way to protect the interests of the different groups in society.⁶

Nordlinger defines the state as follows:

The state refers to all those individuals who occupy offices that authorize them, and them alone, to make and apply decisions that are binding upon any and all parts of a territorially circumscribed population. The state is made up of, and limited to, those individuals who are endowed with societywide decision-making powers.⁷

⁴ Smith, B., *Understanding Third World Politics: Theories of Political Change and Development*, (Bloomington: Indiana University Press, 1996), pp. 172.

⁵ Williamson, P., *Corporatism in Perspective: An Introductory Guide to Corporatist Theory*, (London: Sage, 1989), pp. 55.

⁶ Smith, B., *Understanding Third World Politics: Theories of Political Change and Development*, (Bloomington: Indiana University Press, 1996), pp. 173.

⁷ Nordlinger, E., "Taking the State Seriously", in M. Weiner, S. Huntington, et al. (eds.), *Understanding Political Development*, (Glenview: ScotForesman, 1987), pp. 362. Note that Nordlinger prefers this definition to the one put forward by Weber, which defines the state in terms of institutions because only individuals can take actions. In addition, as not all states are institutionalised, Weber's definition cannot be applied universally to all states.

This definition is a plausible one, in the opinion of this author, as it does not confine its conception of the state to authority. Rather, the state is viewed as a multidimensional complex comprising government (or decision-makers and the executive), territory, and nation. Jessop has made a valuable contribution to this definition by pointing out that policies and decisions formulated by the state are 'made in the name of [the] common interest' of citizens or their 'general will'.⁸ This amendment is particularly crucial to the question of legitimacy of the state and the social contract, which will be discussed later in this chapter.

When one attempts to arrive at a definition of the state, one encounters a problem of making the distinction between the state and government. Although the two terms are sometimes used interchangeably, they do not refer to the same thing. The state is a more 'inclusive' concept than government, as it includes institutions and all members of society, as well as those in office, whereas the government refers to those in power, the legislative and the executive. Thus, the government is a subset of the state. Moreover, whereas the incumbent government, which is temporary, represents the interests and ideas of a certain party, the state, which is permanent, 'in theory', represents the public interest.⁹

Alfred Stepan was not content with identifying the state with the 'government'. He thought that the state was characterised by structuring and institutionalising relationships within civil society and not only between the government and society.

⁸ Jessop, B., *State Theory: Putting the Capitalist State in Its Place*, (Cambridge: Polity Press), pp. 341.

⁹ Heywood, A., *Key Concepts in Politics*, (London: Macmillan, 2000), pp. 40-41.

He was more interested in the institutional dimension of the state, and the organisation of actors operating within the state. He observed that

[t]he state must be considered as more than the "government". It is the continuous administrative, legal, bureaucratic and coercive systems that attempt not only to structure relationships *between* civil society and public authority in a polity but also to structure many civil relationships within civil society as well.¹⁰

According to this approach, the state regulates relations among different actors operating within its jurisdiction. Different actors have competing interests; yet, they still co-operate in decision-making and producing goods and services. Production acts as a unifying or common factor among these groups in society whilst distribution works as a divisive factor. Not only does competition arise amongst the political, military and economic institutions, but also amongst different interest groups. For example, in a capitalist system of production, the private sector seeks profit maximisation, and the criteria for measuring success is efficiency. On the other hand, a social democratic state seeks equal political and economic participation of all citizens, and its criteria for success is equity. Therefore, a contradiction arises between a social democratic state and capitalism, as capitalism breeds inequalities.¹¹

Thus, alliances are formed between state institutions and elements of civil society producing competition over objectives. This is particularly true of political parties, which represent different classes and adopt different objectives. They define

¹⁰ Stepan, A., *The State and Society: Peru in Comparative Perspective*, (Princeton: Princeton University Press, 1978), pp. xii.

¹¹ Mishra, R., *The Welfare State in Capitalist Society: Policies of Retrenchment and Maintenance in Europe, North America and Australia*, (New York: Harvester Wheatsheaf, 1990), pp. 9-11.

problems of society differently, and, hence, formulate different strategies to attain their objectives.¹² In order for the state to design and implement its strategies and policies, which may sometimes be inimical to the interests of some groups in society, it has to be strong.

Strength is, therefore, critical for the state to enforce its formula of social contract upon society. In the case of many LDCs, for example, regimes have denied their populations the right to political participation in exchange for welfare provision. This has meant that resources have had to be dedicated to welfare provision, sometimes at the expense of investment in infrastructure or industrialisation, which is inimical to the interests of the private sector. Moreover, as these states became burdened with financing welfare policies, they tried to retreat from welfare provision; the beneficiaries of welfare policies resisted and more often than not regimes have had to rescind their decision of eliminating welfare policies. This leads us to the first concern in the study of the state, namely, the strength of the state. In other words, what determines the *ability* of a state to implement its policies?

Determining the Strength of the State

Traditionally, strong states have been considered to be ones that are capable of implementing unpopular policies. Thus, the strength of the state was determined by its *ability* to carry out its policies without being restrained by interest groups within

¹² Mishra, R., *The Welfare State in Capitalist Society: Policies of Retrenchment and Maintenance in Europe, North America and Australia*, (New York: Harvester Wheatsheaf, 1990), pp. 15-16.

society. Myrdal differentiates between two types of states, *strong states*, and *weak states*.¹³

Strong States vs. Weak States

According to Myrdal, strong states have the *power* and *autonomy* to implement policies that influence growth and distribution of income. Weak states, on the other hand, have neither the *power* nor *autonomy* to conduct such policies. They serve the interests of the *centres of power* due to widespread corruption. Myrdal identifies the following features of weak states:¹⁴

- Deficiencies in legislation and enforcement of law.
- Public resistance to controls and discipline.
- Opportunity for gain from corruption at all levels of society.
- Collusion between officials and powerful interest groups.

Myrdal emphasises the need to change institutions that secure the power of the elite and dismantle corruption to rid the society of its ailments. Although strong states are usually associated with developed countries and weak ones with LDCs, this is not always the case. For example, the US, according to the aforementioned criteria, fits more into the second type. Myrdal, therefore, concludes that an authoritarian state is not necessarily a strong state, as it might still exhibit symptoms of a weak

¹³ Myrdal, G., *The Challenge of World Poverty*, (New York: Pantheon, 1970), pp. 208-209.

¹⁴ Myrdal, G., *The Challenge of World Poverty*, (New York: Pantheon, 1970), pp. 208-209.

state, where the state is unable to implement its policies due to widespread corruption.¹⁵

The strength of the state was, therefore, conceived as the 'ability of states to assert control over political outcomes'. Ikenberry argues that classifying the state in this way is 'crude and misleading'. When the state intervenes, for instance, private actors may benefit from this action. Consequently, in the balance of power, the state may lose its popularity whilst certain interest groups build socio-political capital. In this case, intervention cannot be considered strength. To the contrary, minimal state intervention may be counted as strength. This is where the irony of the state lies, concludes Ikenberry.¹⁶ We should, therefore, modify the definition of the strength of the state to allow for its ability to 'intervene, withdraw, reform or abstain'.

It is important to make this modification because if we think of a strong state as one that is able to design and employ unpopular policies in spite of resistance, totalitarian regimes become the most capable ones. However, capable states are the ones that are able to maximise their options 'at subsequent moments of decision'.¹⁷ States are able to do this by contributing to the infrastructure, by investing in human development, and promoting co-operation among different groups in society rather than engaging directly in ownership or production.¹⁸

¹⁵ Myrdal, G., *The Challenge of World Poverty*, (New York: Pantheon, 1970), pp. 209.

¹⁶ Ikenberry, J., "The Irony of State Strength: Comparative Responses to the Oil Shocks in the 1970s", *International Organization*, vol. 40, no. 1, winter 1986, pp. 133-137.

¹⁷ Hall, J., and J. Ikenberry, *The State*, (Milton Keynes: Open University Press, 1989), pp. 95-97.

¹⁸ Hall, J., and J. Ikenberry, *The State*, (Milton Keynes: Open University Press, 1989), pp. 80-82.

Krasner has refined the 'strength' debate by alluding to the state's ability to implement policies, fundamentally re-orientate the 'behavioural' tendencies of interest groups, and restructure the domestic environment. Krasner has opined that the strength of the state is determined by its relations with society. These relations are not static and fluctuate along a continuum; the state can exhibit signs of strength in certain areas and with certain interest groups and weakness in other areas with other groups. To Krasner, a strong state not only overcomes pressures of dominant groups, but also can effect change in the behaviour of private actors, and social and economic structures. Accordingly, there are three types of relations between the state and society:¹⁹

- The state may be able to implement its policies in spite of resistance of society, but it cannot change the behaviour of private actors;
- The state is able to implement policies and convince private actors to 'follow' these policies, but it is still unable to change the structure of its 'domestic environment';
- The state is able to implement unpopular policies, and convince private actors to change their behaviour and in the process change the structure itself.

The state's strength to implement unpopular policies and restructure the domestic environment is constrained by a number of significant factors. Skocpol has noted five of these, which amount to the following:²⁰

¹⁹ Krasner cited in Ikenberry, J., "The Irony of State Strength: Comparative Responses to the Oil Shocks in the 1970s", *International Organization*, vol. 40, no. 1, winter 1986, pp. 134.

²⁰ Skocpol, T., "Bringing the State Back In: Current Research", in P. Evans, D. Rueschemeyer, and T. Skocpol (eds.), *Bringing the State Back In*, (Cambridge: Cambridge University Press, 1990), pp. 16-20.

1. **Administrative ability:** For a state to formulate and implement effective policies, it needs a capable administrative body with skilled, well-educated, and loyal officials suited for this purpose.
2. **Financial resources:** The state needs resources to carry out its policies. The state considers the available means for raising the required funds, either domestically, through tax collection, or internationally, through aid or borrowing.
3. **Deployment of resources:** Once the state has managed to acquire those funds, its capacity in policy implementation is limited by whether it is able to utilise these resources freely or they are tied to certain commitments, such as defence, or they are disbursed according to decisions dictated by the preferences of influential groups in society. For example, the state may find it easier to invest in infrastructure than in health or education, because the wealthy benefit from well-maintained roads.
4. **Policy instruments:** Policy instruments enable a state to deal with problems or crises, and/or to effect change. These instruments include, legislation, fiscal and monetary policies. The state may have more instruments at hand to carry out its policies in certain areas but not in others. For example, the state may find it easier to remove protection from one sector, but not from another.
5. **Support of key interest groups:** A crucial factor for the success of state policies is the support of the concerned societal groups. A state may have the instruments to implement its policies but without the support of 'key' groups in society, the policies are prone to failure.

If the state is able to implement its policies in spite of resistance of key influential groups in society, then the state is said to be autonomous. Nordlinger presents the

following typology of the state in terms of *autonomy* and *support* to characterise a state as strong, independent, responsive, or weak:²¹

- **Strong state:** it enjoys both high autonomy and high support. Its policies reflect its preferences supported by society.
- **Independent state:** it enjoys high autonomy but low support. It implements its policies regardless of the preferences of society.
- **Responsive state:** it has low autonomy and high support, in the sense that it carries out policies that translate the preferences of society.
- **Weak state:** it scores low on both autonomy and support. It tries to act autonomously but fails to do so due to the contending preferences within society.

States are not static in terms of the autonomy and support they enjoy. They usually fluctuate between the four typologies.

The strength of the state vis-à-vis society is, therefore, determined by autonomy and support (legitimacy). In order to be able to understand the relationship between state and society, we must examine the autonomy of the state from interest groups in society, and the legitimacy of the state. This is because if the state is dominated by particular interest groups in society, it will serve their interests at the expense of

²¹ Nordlinger, E., "Taking the State Seriously", in M. Weiner, S. Huntington, et al. (eds.), *Understanding Political Development*, (Glenview: ScotForesman, 1987), pp. 369-370.

other interest groups, such as lower income groups, which might compromise its legitimacy.²² Therefore, the next section will be devoted to exploring the concept of the autonomy of the state; then we will examine the legitimacy of the state.

Autonomy of the State

A state is said to be autonomous if it seeks to attain its own objectives, rather than the objectives of any interest group within society.²³ To Weber, states are autonomous, as they have control over the means of coercion and administration. They may, therefore, implement policies adopting objectives that are at odds with dominant interest groups in society.²⁴

On the other hand, Marxists assert that states are not autonomous. They are a configuration of the struggle among classes, where the state represents the interests of the dominant class, which is, in Marx's analysis of the industrial state, the bourgeois class. Marx observed:

the bourgeoisie has at last, since the establishment of Modern Industry and of the world market, conquered for itself, in the modern representative State, exclusive political sway. The executive of the modern State is but a committee for managing the common affairs of the whole bourgeoisie.²⁵

²² Higāzī, I., *al-Faqr fī misr* [Poverty in Egypt], (Cairo: The National Centre for Social and Criminal Research, 1996), pp. 115-116.

²³ Lal, D., and H. Myint, *The Political Economy of Poverty, Equity, and Growth: A Comparative Study*, (Oxford: Clarendon Press, 1996), pp. 260.

²⁴ Weber, M., *The Theory of Social and Economic Organization*, translated by A. Henderson, and T. Parsons, edited with an introduction by T. Parsons, (New York: Free Press, 1964), pp. 154.

²⁵ Marx, K., and F. Engels, *The Communist Manifesto*, (London: Penguin, 1965), pp. 82.

In accordance with Marxist analysis, where the capitalist mode of production exploits the proletariat, the state is regarded as a *parasite*, and its function is to extract resources from society for the benefit of the ruling elite, the bourgeoisie.²⁶

Neo-Marxists argue that states are machines that ensure the perpetuation of the prevalent modes of production and accumulation of capital. They claim that a state can be described as *relatively* autonomous if it manages to circumvent resistance of the dominant capitalist class.²⁷ Skocpol has broadened the definition of 'dominant class' to encompass any group in society whether economic or political. According to Skocpol, 'States conceived as organizations claiming control over territories and people may formulate and pursue goals that are not simply reflective of the demands or interests of social groups, classes or society'.²⁸

A modified version of this perspective asserts that the state acts as a factor of cohesion, trying to balance the interests of conflicting classes, meanwhile preserving those of the dominant one. The state secures its autonomy as it resides above society, though it protects the 'long-term' interests of the dominant class. This leads to a situation where the state and its responsibilities in society expand to encompass all aspects of economic life. In other words, the state is responsible for providing an infrastructure, and where the private sector is incapacitated, it takes

²⁶ Smith, B., *Understanding Third World Politics: Theories of Political Change and Development*, (Bloomington: Indiana University Press, 1996), pp. 175.

²⁷ George, V., and P. Wilding, *Ideology and Social Welfare*, (London: Routledge, 1989), pp. 135.

²⁸ Skocpol, T., "Bringing the State Back In: Current Research", in P. Evans, D. Rueschemeyer, and T. Skocpol (eds.), *Bringing the State Back In*, (Cambridge: Cambridge University Press, 1990), pp. 9-11.

over the role of enterprise and state capitalism emerges. The state carries out marketing activities, employs people, designs pricing policies, and allocates international aid to different projects.²⁹

Gramsci conceives the state as 'the entire complex of political and theoretical activity by which the ruling classes not only justify and maintain their domination but also succeed in obtaining the active consent of the governed.'³⁰ In other words, ruling classes rule not only through domination, but also, and more importantly, by securing the support of the governed.

According to Gramsci, the state is an apparatus whose role is to maintain equilibrium in society by generating conditions that allow the interests of the dominant class to be served, by making them representative of universal interests. In this sense, the role of the state is dynamic as it acts to preserve equilibrium, which is not necessarily stable, and, hence, requires the state to play an active role.³¹

Skocpol observes that autonomy of the state is a dynamic rather than a static concept. This is because states undergo transformations that affect their organisation and coercion, which are reflected in their relation to society.³² A state

²⁹ Smith, B., *Understanding Third World Politics: Theories of Political Change and Development*, (Bloomington: Indiana University Press, 1996), pp. 176-177.

³⁰ Gramsci quoted in Femia, J., *Gramsci's Political Thought: Hegemony, Consciousness, and the Revolution*, (Oxford: Clarendon Press, 1981), pp. 28.

³¹ Sassoon, A., *Gramsci's Politics*, (London: Croom Helm, 1980), pp. 118-119.

³² Skocpol, T., "Bringing the State Back In: Current Research", in P. Evans, D. Rueschemeyer, and T. Skocpol (eds.), *Bringing the State Back In*, (Cambridge: Cambridge University Press, 1990), pp. 14.

is offered a chance to achieve some autonomy if cleavages arise among dominant groups in society, or in case of the uprising of subordinate classes. The outcome of the second scenario is recognised by Rueschemeyer and Evans to be uncertain depending on the 'relative strength of the state apparatus and outside forces, and on the specifically political patterns and processes mediating between the state and the interest structure of society.'³³ In its attempt to repress the uprising of subordinate groups, the state may gain some autonomy and take actions against the preferences of the elite.³⁴ This stands in sharp contrast to the *Bonapartist state*, which enjoys autonomy in balancing the differing interests of the contesting groups within society.³⁵

Rueschemeyer and Evans argue that relative autonomy of the state is crucial if the state aims to be 'effective' in its policies. This is because it needs to achieve a level of autonomy from all groups in society, especially when it comes to socio-economic issues where it needs to implement policies that are inimical to the interests of capitalists but will benefit the poor. An example of this case, cited by Rueschemeyer and Evans, is collective goods that would not otherwise be provided if left to capitalists or private actors.³⁶

³³ Rueschemeyer, D., and P. Evans, "The State and Economic Transformation: Toward an analysis of the Conditions Underlying Effective Intervention", in P. Evans, D. Rueschemeyer, and T. Skocpol (eds.), *Bringing the State Back In*, (Cambridge: Cambridge University Press, 1990), pp. 64.

³⁴ Rueschemeyer, D., and P. Evans, "The State and Economic Transformation: Toward an Analysis of the Conditions Underlying Effective Intervention", in P. Evans, D. Rueschemeyer, and T. Skocpol (eds.), *Bringing the State Back In*, (Cambridge: Cambridge University Press, 1990), pp. 63.

³⁵ Marx, K., *The Eighteenth Brumaire of Louis Bonaparte*, (New York: International Publishers, 1963).

³⁶ Rueschemeyer, D., and P. Evans, "The State and Economic Transformation: Toward an analysis of the Conditions Underlying Effective Intervention", in P. Evans, D. Rueschemeyer, and T. Skocpol (eds.), *Bringing the State Back In*, (Cambridge: Cambridge University Press, 1990), pp. 60-61.

Rueschemeyer and Evans warn that 'considerable' autonomy is not advisable in a pre-capitalist society where the state is characterised as 'predatorial'. In this phase, the state may adopt policies that suit its interests, such as expanding the bureaucracy for its own sake. In this case, it is better if the elite control the state. Rueschemeyer and Evans recognise the fact that being autonomous does not guarantee that the decisions made by the state will be successful, as wrong decisions may still be made due to lack of information.³⁷

Nordlinger criticises Skocpol's view of autonomy because of the limitation of its definition of autonomy only to situations of conflicting preferences of interest groups and the state. He contends that if those preferences are congruent, this does not detract from the autonomy of the state.³⁸ He argues that a state that preserves the status quo in spite of high social and economic inequality is as strong as one that manages to successfully effect change in the structure of society.³⁹ Hence, Nordlinger concludes that 'a state is autonomous to the extent that it translates its own preferences into authoritative actions'.⁴⁰

The autonomy of the state is, therefore, not only tied to the configuration of interest groups in society, but more ultimately to the notion of domestic legitimacy. At this

³⁷ Rueschemeyer, D., and P. Evans, "The State and Economic Transformation: Toward an analysis of the Conditions Underlying Effective Intervention", in P. Evans, D. Rueschemeyer, and T. Skocpol (eds.), *Bringing the State Back In*, (Cambridge: Cambridge University Press, 1990), pp. 61-62.

³⁸ Nordlinger, E., "Taking the State Seriously", in M. Weiner, S. Huntington, et al. (eds.), *Understanding Political Development*, (Glenview: ScotForesman, 1987), pp. 365.

³⁹ Nordlinger, E., "Taking the State Seriously", in M. Weiner, S. Huntington, et al. (eds.), *Understanding Political Development*, (Glenview: ScotForesman, 1987), pp. 366.

⁴⁰ Nordlinger, E., "Taking the State Seriously", in M. Weiner, S. Huntington, et al. (eds.), *Understanding Political Development*, (Glenview: ScotForesman, 1987), pp. 361.

point, we should address the third concern in our analysis of the state, namely legitimacy.

Legitimacy

Weber has argued that, in general, those in power need to 'justify' themselves in order to maintain their domination over other parties within a certain relationship.⁴¹

Once subordinates cease to believe in the basis of power of the more powerful in the relationship, the latter lose their legitimacy, and their position is jeopardised.

Thus, legitimacy is defined as 'the extent to which social and political norms in a given society are accepted, especially those applying to the exercise of power or the domination of some individuals or groups of individuals by others'.⁴² If this concept of legitimacy is applied to the relationship between the 'modern state', which can find its roots in the French Revolution of 1789, and its citizens, it translates into the state's ability to show its citizens that 'its powers are derived from them'.⁴³

Weber identified three sources of legitimacy.⁴⁴

⁴¹ Weber cited in Habermas, J., *Legitimation Crisis*, T. McCarthy (trans.), (London: Heinemann, 1976), pp. 97.

⁴² Rush, M., *Politics and Society: An Introduction to Political Sociology*, (New York: Prentice Hall, 1992), pp. 53.

⁴³ According to Finer, the 'modern state' comprises two elements: a nation identifying the 'right to independent existence' ruled by its native citizens according to laws that apply to their territory; and 'popular sovereignty'. See Finer, S., *Comparative Government: An Introduction to the Study of Politics*, (London: Penguin, 1970), pp. 99.

⁴⁴ Weber, M., *The Theory of Social and Economic Organization*, translated by A. M. Henderson, and T. Parsons, edited with an introduction by T. Parsons, (New York: Oxford University Press, 1947), pp. 238.

1. **Traditional:** traditional legitimacy is rooted in an established belief in the sanctity of specific traditions that confer legitimacy upon those exercising authority (*traditional authority*);
2. **Charismatic:** charismatic legitimacy rests upon devotion to the specific and exceptional sanctity, heroism or exemplary character of an individual person, and of the normative patterns or order revealed by him (*charismatic authority*).
3. **Rational:** rational legitimacy is grounded in a belief in the legality of patterns of normative rules and the right of those in positions of authority, under such rules, to issue commands (*legal authority*);

Rational legitimacy is the most dominant mode of legitimacy in 'modern states'. In contrast to other sources of legitimacy, under rational legitimacy

authority becomes legitimate independently of who is the incumbent in political office or what the intentions of the incumbents are. The only thing that decides the legitimacy of political authority is whether or not it has been achieved in accordance with general formal principles, for example, election rules.⁴⁵

In other words, the determinant of rational legitimacy is that the leader conforms to the rules of society in the acquisition and exercise of power regardless of his/her adopted policies. Once in office, the leader has to abide by the rules of the constitution, and if an alternative party wins elections, the leader has to step down.⁴⁶

⁴⁵ Offe, C., *Contradictions of the Welfare State*, (London: Hutchinson, 1984), pp. 134-135.

⁴⁶ Offe, C., *Contradictions of the Welfare State*, (London: Hutchinson, 1984), pp. 134-135.

Habermas criticises the conceptualisation of rational legitimacy, defined as belief in legality. He asserts that 'technical legal form alone, pure legality, will not be able to guarantee recognition in the long run if the system of authority cannot be legitimized independently of the legal form of exercising authority'.⁴⁷ Habermas argues that as authorities are the ones that issue laws, they cannot depend on these very laws as a source of their legitimacy. Instead, he asserts that legitimacy stems from the consensus on a belief in a certain 'ideology', which forms the basis of the laws and norms adopted by society. Habermas acknowledges the fact that these norms can be questioned at any time, and, consequently, altered according to a new consensus among participants.⁴⁸ In other words, if a divergence arises between the 'ideology' and norms of society and the legal system, there is a crack in legitimacy based on this ideology, and a new consensus has to be found; otherwise, the regime experiences a crisis of legitimation.

A crisis of legitimation does not necessarily mean the collapse of the state or regimes. This is because although legitimacy is recognised to be an essential factor in accepting authority, it is not the only one. Sometimes citizens do not question the legitimacy of their rulers, and they accept their authority due to other factors. One can characterise these as 'negative' or 'positive' acceptance of authority.⁴⁹

⁴⁷ Habermas, J., *Legitimation Crisis*, T. McCarthy (trans.), (London: Heinemann, 1976), pp. 100.

⁴⁸ Habermas, J., *Legitimation Crisis*, T. McCarthy (trans.), (London: Heinemann, 1976), pp. 101-105.

⁴⁹ Rush, M., *Politics and Society: An Introduction to Political Sociology*, (New York: Prentice Hall, 1992), pp. 21.

Negative Acceptance of Authority

Negative acceptance is 'grudging acquiescence', where individuals submit to authority because they do not accept the 'consequences' of breaking laws and norms. These 'consequences' extend from a fear of physical threat, such as imprisonment, torture, or death, to material threats that may affect their welfare, such as a loss of job, deterioration in standards of living, or some form of discrimination. Other negative reasons for acquiescence might be apathy – 'a lack of interest' – or cynicism – 'a feeling that resistance is useless or not worth the effort'.

Positive Acceptance of Authority

On the other hand, a positive acceptance of authority may entail benefits that individuals accrue from the state because of the organisation of the system, so that advantages appear to exceed the disadvantages. An example of positive acceptance is networks of patronage that the state develops with different actors in society, whereby these actors are co-opted into the system, and they exchange their acquiescence for 'perceived material advantages'.⁵⁰

⁵⁰ Rush, M., *Politics and Society: An Introduction to Political Sociology*, (New York: Prentice Hall, 1992), pp. 21.

Thus, the acquiescence of individuals does not necessarily stem from the rational legitimacy of leaders. Furthermore, acquiescence exists along a 'continuum', which Held denotes as follows:⁵¹

1. ***Following orders or coercion:*** individuals obey because they fear the consequences (sanctions) of opposition.
2. ***Tradition:*** individuals have never thought about the values disseminated by the regime; they follow the rules out of habit rather than because these values are endeared to them.
3. ***Apathy:*** individuals do not care about the situation.
4. ***Pragmatic acquiescence:*** individuals do not like the situation – it is neither satisfactory nor 'ideal' – things cannot be imagined to be really different and so they 'shrug [their] shoulders' and develop a fatalistic view of their situation.
5. ***Instrumental acceptance or conditional agreement/consent:*** individuals are dissatisfied with the current affairs, but they go along with them in order to secure an end. They recognise a long run advantage in their acquiescence to the system. This type of acquiescence is grounded in exchange. Individuals are offering their acquiescence in exchange for some material benefit, prestige, or status, etc.
6. ***Normative agreement:*** in the current circumstances, and with the available information to them, individuals conclude that it is 'right', 'correct', or 'proper' for them as individuals or members of a 'collectivity' to go with things as they are. They believe it is what they should or ought to do.

⁵¹ Held, D., *Models of Democracy*, 2nd ed., (Cambridge: Polity Press, 1996), pp. 195-196.

7. *Ideal normative agreement:* it is what in 'ideal circumstances', given all the possible knowledge of opportunities and requirements of others, individuals would have agreed to do.

If one accepts this continuum, one can conclude that except for the last two phases, compliance is grudgingly given to the regime. On the above scale, the last two types of acquiescence represent the ultimate conditions where it can be said that the regime and/or state enjoy legitimacy. The first four types depict a state where despite of acquiescence of the public, the political system may not be legitimate. This is because acquiescence does not generate legitimacy. The fifth type represents an ambiguous point, where acquiescence of the public can indicate a weak form of legitimacy, but the system is not totally legitimate.⁵²

Thus, it follows that acquiescence, which can take a passive form, no resistance, or an active form, such as voting in a plebiscite, or swearing an oath of allegiance, is a necessary but not sufficient condition of legitimacy. In other words, the public may be acquiescent for negative or positive reasons, but the regime/state is not legitimate. The other two conditions that must be satisfied to describe the authority of a regime/state to be legitimate, according to Beetham, are that the way power is acquired and exercised should 'conform to established rules' in society; and these rules are justifiable according to the social and political norms shared by the both the rulers and the governed of the society in question, especially the latter.⁵³

⁵² Held, D., *Models of Democracy*, 2nd ed., (Cambridge: Polity Press, 1996), pp. 250.

⁵³ Beetham, D., *The Legitimation of Power*, (London: Macmillan, 1991), pp. 12-20.

It should be noted that most of LDC states extract acquiescence from societies through the first five modes. In particular, *instrumental acceptance* or *conditional agreement* (which is the most important element of legitimacy for this study) is the most prevalent form of acquiescence in LDCs, where regimes court key groups in society seeking their support in return for generating an environment conducive to their interests (through patronage and/or welfare provision).⁵⁴ In this way a contract is formed between the rulers and the governed. In this type of relationship, one party's behaviour is conditioned by the other's fulfilling his/her obligations according to the terms of the social contract.

The Social Contract

Social contract theories, which attempt to explain the origins and/or the legitimacy of political authority/the state, maintain 'that all of our basic political rights and duties are derived from some kind of explicit or implicit contract among a collection of individuals'. Contract theories presume 'the existence of some form of community' that seeks to preserve its rights through the institution of a civil state.⁵⁵ In this section, we will examine the main arguments of social contract theorists, and the criticisms raised against using consent to explain the origin of the state.

Social contract theorists, such as Hobbes, Locke, and Rousseau, have used the 'social contract' to refer to an express or tacit agreement between citizens and the

⁵⁴ Held, D., *Models of Democracy*, 2nd ed., (Cambridge: Polity Press, 1996), pp. 251-252.

⁵⁵ Medina, V., *Social Contract Theories: Political Obligation or Anarchy?*, (Savage: Rowman & Littlefield, 1990), pp. 5-6.

state that forms the basis of political authority in society. In the absence of such a contract, individuals are threatened by a 'state of war', according to Hobbes, where human life is endangered by solitude, poverty, and brutality due to the inexistence of a powerful agency that is capable of regulating life among individuals.⁵⁶

Locke argues that individuals in a 'state of nature', where they are free to 'dispose of their property and possessions' as they please independent of the will of any other individual, are governed by the 'law of nature', according to which they should not transgress on the life, liberty or property of others. However, as not all individuals abide by this law, the need arises for the 'institution' of a civil government to enforce law and prevent the 'state of war', which can arise from their attempt to carry out punishment themselves in case of the violation of the 'law of nature'.⁵⁷

Individuals, therefore, come to an agreement to establish a civil government to ensure the prevalence of security and liberty in society. According to this social contract, individuals agree to give up some of their power, freedom and property in order to preserve their liberty and security, which are provided for by the state.⁵⁸ In Rousseau's words:

... in the social contract, ... the position in which [individuals] find themselves as a result of the contract is really preferable to that in which they were before. Instead of a

⁵⁶ Rachels, J., *The Elements of Moral Philosophy*, 3rd ed., (New York: McGraw-Hill, 1999), pp. 144.

⁵⁷ Locke, J., *Two Treatises of Government*, edited with an introduction and notes by Peter Laslett, (Cambridge: Cambridge University Press, 1994), pp. 269-282.

⁵⁸ Gough, J., *The Social Contract: A Critical Study of Its Development*, 2nd ed., (Oxford: Clarendon Press, 1957), pp. 136.

renunciation, they have made an advantageous exchange: instead of an uncertain and precarious way of living they have got one that is better and more secure; instead of natural independence they have got liberty, instead of power to harm others security for themselves, and instead of their strength, which others might overcome, a right which social union makes invincible. Their very life, which they have devoted to the State, is by it constantly protected; and when they risk it in the State's defence, what more are they doing than giving back what they have received from it?⁵⁹

Rousseau asserts that individuals engage in this contract because they perceive some benefit in doing so. Individuals, by giving up their 'natural independence', are empowered and enjoy the protection of the state through the application of laws. The state is able to enforce law upon its citizens by virtue of being the central authority in society, which exercises absolute power over all its citizens. The state promotes the common interest of society through the embodiment of the 'general will' of citizens, which forms the basis of rights, duties, and responsibilities of the state.⁶⁰

Rousseau differentiates between two types of wills, the 'particular will' and the 'general will'. The 'particular will' is the selfish will of each individual to pursue his own private interest. The 'general will', on the other hand, is the will to seek the common good for all individuals in society. It is different from the 'will of all', which amounts to the 'sum of particular wills' in society. Rousseau argues that in a 'moral state', individuals should seek the common good rather than their own private interests. This is because individuals can only promote their particular wills at the expense of other members of society. This usually means that powerful groups pursue their own interests to the detriment of disadvantaged groups in

⁵⁹ Rousseau, J., *The Social Contract*, (London: J.M. Dent, 1938), pp. 29.

⁶⁰ Rousseau, J., *The Social Contract*, (London: J.M. Dent, 1938), pp. 26-30.

society.⁶¹ Based on Rousseau's identification of the general will, he concludes that a legitimate state is one where the interests and the wills of the rulers and the governed are united. They all work for the common good of all citizens; the differences among them will be on means to achieve this common good.⁶²

Kant argues that this contract should not be motivated by any interest. When individuals surrender their freedom, only to get it back 'immediately', they do so not do so for a 'particular purpose', such as protecting one's property. To Kant the state is a *categorical imperative*, grounded in reason, rather than a *hypothetical* one dependent upon the satisfaction of another condition or a means to an end. Kant explains:

The act by means of which the people constitute themselves a state is the original contract. More properly, it is the Idea of that act that alone enables us to conceive of the legitimacy of state. According to the original contract all the people give up their external freedom in order to take it back again immediately as members of a commonwealth, that is, the people regarded as the state. Accordingly, we cannot say that a man has particular purpose; rather, we must say that he has completely abandoned his wild, lawless freedom in order to find his whole freedom again undiminished in a lawful dependency, that is, in a juridical state of society, since this dependency comes from his own legislative Will.⁶³

After Kant, contract theory declined until it was revived in the twentieth century by Rawls. In his study entitled *A Theory of Justice*, Rawls endeavours to formulate a theory of a just society. He utilises the concept of social contract not to explain the origin of society or government, but to work out 'a theory of justice'. Rawls

⁶¹ Steinberg, J., *Locke, Rousseau, and the Idea of Consent: An Inquiry into the Liberal-democratic Theory of Political Obligation*, (Westport, Connecticut: Greenwood Press, 1978), pp. 83-85.

⁶² Steinberg, J., *Locke, Rousseau, and the Idea of Consent: An Inquiry into the Liberal-democratic Theory of Political Obligation*, (Westport, Connecticut: Greenwood Press, 1978), pp. 96.

⁶³ Kant, I., *The Metaphysical Elements of Justice: Part I of the Metaphysics of Morals*, translated with an introduction by J. Ladd, (Indianapolis: The Bobbs-Merrill Company, 1965), pp. 80-81.

attempts to formulate 'principles of justice' according to which the society is organised. According to Rawls, individuals are rational; in other words, they are motivated by their self-interests. As they recognise benefits from interaction, they identify, in the 'original position' 'principles of justice', which form the basis of social co-operation in society. The 'principles of justice' determine the rights and duties, and the terms of 'distribution of benefits and burdens of social co-operation' among citizens.⁶⁴

Rawls' theory is based on the assumption that individuals in the 'original position' are free, equal, rational, and impartial. They choose these principles in the 'original position', behind, what Rawls calls, a 'veil of ignorance'. The 'veil of ignorance' means that parties to the agreement 'do not know their conceptions of the good', preferences or resources. They are equal in the sense that they 'all have the same rights in the procedure for choosing principles'. Their ignorance of their conditions ensure that the outcome will be a 'fair', as it will not enhance the conditions of one group. Rawls argues that the parties are bound by a 'hypothetical contract' to organise society according to the chosen 'principles of justice'. The significance of the concept of social contract to Rawls' theory of justice is that it guarantees that the chosen principles are acceptable to all parties.⁶⁵

The two 'principles of justice' that Rawls believes 'would be chosen in the original position' are equality in basic liberties; and acceptance of social and economic

⁶⁴ Rawls, J., *A Theory of Justice*, (Cambridge: The Belknap Press of Harvard University Press, 1971), pp. 17-22.

⁶⁵ Rawls, J., *A Theory of Justice*, (Cambridge: The Belknap Press of Harvard University Press, 1971), pp. 3-22.

inequalities provided that they are 'reasonably expected to be to everyone's advantage' and that all individuals have equal opportunity to access 'positions of authority and offices of command'. Although Rawls acknowledges that inequalities in wealth and income are acceptable, he emphasises that this is only justifiable as long as they are to 'everyone's advantage'. Rawls, however, warns against an exchange of political right for economic gains. To him, basic liberties, such as political rights '(the right to vote and to be eligible for public office), together with freedom of speech and assembly; liberty of conscience or freedom of thought; freedom of the person along with the right to hold (personal) property; and freedom from arbitrary arrest and seizure as defined by the concept of the rule of law' take precedence over economic benefits.⁶⁶

Within the social contract tradition, the notion of contractarianism, has, therefore, been used, especially by Locke, to refer to two types of agreements in society. One type of contract is among a multitude of individuals, who consent to establish a political society, or 'commonwealth', to ensure that everybody conforms to the law of nature and hence reduce violence in society. This type of contract explains the emergence of political society. The other form of contract is one between the state and society. This one pre-supposes the existence of some form of society, as individuals agree to give up some of their power and liberty to the sovereign, central authority, in order to protect their life and property and promote their liberties.⁶⁷ Citizens entrust their government with political authority, and whenever

⁶⁶ Rawls, J., *A Theory of Justice*, (Cambridge: The Belknap Press of Harvard University Press, 1971), pp. 60-63.

⁶⁷ Medina, V., *Social Contract Theories: Political Obligation or Anarchy?*, (Savage: Rowman & Littlefield, 1990), pp. 38-41.

the government betrays their trust, by not meeting the obligations it was trusted to deliver, it ceases to be legitimate and they have a right to change it.⁶⁸

This leads us to the second aspect that contract theory aims to explain, namely, the legitimacy of political authority. In other words, once the state has been instituted, from where does it derive its legitimacy? And do citizens have a right to rebel against the state if they perceive it as illegitimate?

Legitimacy of Political Authority

According to contract theorists, such as Locke and Rawls, a government is described as legitimate as long as it delivers what it promised according to the terms of an actual or 'hypothetical' contract, by promoting certain values and ends. These values, according to Locke, are the protection of 'life, liberty, and property'. Once a government fails to fulfil its obligations and *abuses* or *misuses* its authority, it ceases to be legitimate and citizens are 'absolved from any further obedience'. This, however, does not mean that they will actually exercise their *right* to resist their illegitimate government.⁶⁹ This implies that the absence of resistance does not mean that citizens tacitly consent to their rulers.

Critics of contract theory argue that if the contract is 'hypothetical', in the sense that it is neither historic nor is based on actual consent, then it follows that the contract

⁶⁸ Steinberg, J., *Locke, Rousseau, and the Idea of Consent: An Inquiry into the Liberal-democratic Theory of Political Obligation*, (Westport, Connecticut: Greenwood Press, 1978), pp. 69-70.

⁶⁹ Steinberg, J., *Locke, Rousseau, and the Idea of Consent: An Inquiry into the Liberal-democratic Theory of Political Obligation*, (Westport, Connecticut: Greenwood Press, 1978), pp. 44-46.

is not binding for the parties involved. Yet contractual political thinkers claim that citizens are committed to the obligations of the contract for different reasons.⁷⁰ Hobbes, for example, who identifies men as self-interest seeking beings, argues that individuals abide by the contract because it serves their interest in preserving their life and property. Hobbes conceives that the government commands obedience so long it protects citizens, as the alternative to submission to political authority is anarchy that endangers their lives. He concludes that individuals have no right to rebel once the government has been instituted, even if the ruler is tyrannical.⁷¹

Rousseau, on the other hand, opines that individuals 'gain their civil liberty and property' in obliging with the contract. Rousseau argues that rebellion is unperceivable because sovereignty resides with citizens, who propagate the general will rather than the particular wills of some individuals even if they constitute the majority, as this will lead to the oppression of disadvantaged or less influential groups in society. No one can promote his/her particular will at the expense of the general will, as he/she will be constrained by the community, and hence, Rousseau argues, he/she will be forced to be free. Freedom in this sense amounts to obliging with the 'general will'. Therefore, the existence and perpetuation of the social contract depends on the agreement of all citizens, who rule directly rather than through representatives as no one can represent the will of the individual other than him/herself.⁷²

⁷⁰ Medina, V., *Social Contract Theories: Political Obligation or Anarchy?*, (Savage: Rowman & Littlefield, 1990), pp. 76-78.

⁷¹ Hobbes, T., *Leviathan*, R. Tuck (ed.), (Cambridge: Cambridge University Press, 1997), pp. 153.

⁷² Germino, D., *Modern Western Political Thought: Machiavelli to Marx*, (Chicago: Rand McNally, 1972), pp. 186-190.

Finally, Kant agrees with Hobbes in his rejection of resistance, not to mention rebellion. Once individuals have agreed to 'alienate' their sovereignty, they cannot reclaim it. Thereupon, they have a moral obligation to obey the law even if the ruler is a tyrant.⁷³ Moreover, Kant reasons that the state is the 'ultimate authority in society'; accordingly, no one can challenge it, otherwise the authority of the state as the supreme authority is undermined. Citizens should obey the state *unconditionally*, regardless of whether the ruler is despotic or not. They are obliged to obey the law, and if they do not, then they are defying the moral order. Kant argues that change in a 'defective constitution of a state', concerning the executive, can only be brought about through reform undertaken by the legislative authority and not through a revolution of citizens.⁷⁴

After we have briefly outlined the main arguments of contract theory, we will present some of the major criticisms against contract theory.

Criticisms of Contract Theory

Criticisms against contract theory, as an explanation of the origins and the legitimacy of the state, can be summarised in the following three points. First, the conclusion of a contract has not been proven historically. There is little evidence that government came into existence through the express agreement of citizens to institute a civil government. Second, even if citizens have explicitly agreed to obey

⁷³ Medina, V., *Social Contract Theories: Political Obligation or Anarchy?*, (Savage: Rowman & Littlefield, 1990), pp. 80-82.

⁷⁴ Kant, I., *The Metaphysical Elements of Justice: Part I of the Metaphysics of Morals*, translated with an introduction by J. Ladd, (Indianapolis: The Bobbs-Merrill Company, 1965), pp. 84-88.

the state in the past, this does not imply that they will want to do so in the future. Locke argues that individuals by living within the territories of a certain state, and by enjoying the benefits of its protection, have tacitly agreed to the contract. However, individuals do not always have the choice to leave the state where they have been born, even if they do not want to abide by the original agreement, which in this case cannot be described as tacit consent.⁷⁵ Finally, contract theory fails to explain why individuals should obey the state on the basis of a contract.⁷⁶ Critics of contract theory, such as Hume, argue that individuals obey political authority because it is in their interest to submit to the rule of the state, and this does not require a contract; it is simply based on utility. Once the government becomes tyrannical or does not act in the interest of the governed, the latter have a right to rise against the government, again because it is in their interest to resist an oppressive government.⁷⁷

In answer to this Gauthier replies that self-interest is not sufficient for 'compliance' with the agreement between individuals and the sovereign. Rather a contract is indispensable to guarantee peace and security in society. He argues that a contract is different from a self-interest agreement in that it adds 'supplementary incentives and/or sanctions' in the absence of which one of (or all) the parties to the agreement might not comply. The presence of these incentives and/or sanctions, therefore,

⁷⁵ Castiglione, D., "History, Reason and Experience: Hume's Arguments against Contract Theories", *The Social Contract from Hobbes to Rawls*, in D. Boucher, and P. Kelly (eds.), (London: Routledge, 1994), pp. 105-106.

⁷⁶ Medina, V., *Social Contract Theories: Political Obligation or Anarchy?*, (Savage: Rowman & Littlefield, 1990), pp. 111-131.

⁷⁷ Hume, D., *A Treatise of Human Nature in Two Volumes: Volume Two*, A. Lindsay (intro.), (London: Dent, 1966), pp. 240-252.

ensures reciprocity of citizens in abiding by law, based on their self-interest in preserving their property and social peace. These incentives and/or sanctions ensure the obedience of citizens to the sovereign, even in situations where compliance with authority may be inimical to their self-interest. Gauthier rightly opines that if self-interest were enough to ensure compliance of all citizens to agreed-upon 'conditions of peace', then there would be no need for a civil government.⁷⁸

For the purpose of this research, we will use the Lockean interpretation of the social contract with reference to the second type between the rulers and the governed because it explains legitimacy of political authority, which is the subject of this study. According to Locke, rulers enter into a *fiduciary* relationship⁷⁹ with the governed who entrust the former to advance the common interest of society by promoting certain moral ends, which include protecting liberties. The governed on their part, owe their rulers/regimes allegiance as long as the latter abide by their obligations according to the terms of the social contract. The social contract, therefore, explains the moral obligation behind the obedience of the governed to legitimate authority. Accordingly, the social contract is the generator of legitimacy.

In most LDCs, regimes have engaged in a different type of social contract with their populations, where leaders have offered the governed goods and services in return for their acquiescence and surrendering their right to political participation. This has

⁷⁸ Gauthier, D., "Hobbes's Social Contract", in C. Morris (ed.), *The Social Contract Theorists: Critical Essays on Hobbes, Locke, and Rousseau*, (Lanham: Rowman & Littlefield, 1999), pp. 61-68. See also: Charvet, J., "Rousseau, the Problem of Sovereignty and the Limits of Political Obligation", in C. Morris (ed.), *The Social Contract Theorists: Critical Essays on Hobbes, Locke, and Rousseau*, (Lanham: Rowman & Littlefield, 1999), pp. 209-210.

⁷⁹ Medina, V., *Social Contract Theories: Political Obligation or Anarchy?*, (Savage: Rowman & Littlefield, 1990), pp. 41.

often led to the development of a patrimonial system, where neither party can survive without the other. The regime needs the population to preserve its rule, and the population needs the regime for distributing patronage and welfare products. Thus, a social contract based on distribution of welfare is the foundation of legitimacy for these regimes.

This type of contract is legitimate because a social contract, Habermas argues, is legitimate if both parties have entered into the contract voluntarily, and they have enough motivation to do so. This contract, therefore, ceases to be binding once one of the (or both) parties fails to fulfil its (their) part of the contract or if its (their) motives change, as the 'original constellation of interests' changes.⁸⁰

Nevertheless, the perpetuation of this system of legitimacy depends on the resources of the state, which the ruler distributes to the population to maintain its support. Once these resources run dry, in other words the regime fails to fulfil its part of the contract, or some activists – who are not satisfied with the formula of this contract anymore – demand political participation, the contract ceases to be binding.⁸¹ Hence, the fragility of the social contract, and accordingly the legitimacy of the regime based upon welfare provision, is exposed and the regime has to seek an alternative formula of the social contract to maintain its legitimacy and remain in power. The social contract in LDCs is, therefore, not static; its ingredients change as

⁸⁰ Habermas, J., *Legitimation Crisis*, T. McCarthy (trans.), (London: Heinemann, 1976), pp. 103-104.

⁸¹ Leca, J., "Democratization in the Arab World: Uncertainty, Vulnerability and Legitimacy. A Tentative Conceptualization and Some Hypothesis", in G. Salamé (ed.), *Democracy without Deomocrats? The Renewal of Politics in the Muslim World*, (London: I.B. Tauris, 1996), pp. 70-74.

a result of change in resources available to the state, the motives of the population, or the configuration of interest groups in society.

Gramsci argues that society is convened through two ways, externally and internally. The first way is externally through dominance of force by the monopoly that the state, and, in particular, the ruling elite that dominate the state, enjoys over means of coercion. The second way is internally through 'intellectual and moral leadership', 'by moulding personal convictions into a replica of prevailing norms'. Thus, the ruling elite do not rule by force or economic incentives only; instead, and more importantly, they elicit consent from the governed via 'cultural institutions', mainly corporations, trade associations, and educational institutions that propagate the regime's 'modes of thought'.

Gramsci describes the situation where the ruling elite succeed in portraying their interests as the interests of society as 'hegemony'. If the ruling class is successful in securing 'voluntary consent' of subordinate groups, then it can be characterised as legitimate.⁸² This form of acquiescence tends to be more stable and less likely to produce opposition, as the population adopts the values and ideas of the ruling elite, and, hence, conforms without a need for coercion. Only 'weak states' resort to repression to control society, whereas 'strong' ones rely, primarily, upon hegemony and educational institutions.⁸³ Gramsci notes that

⁸² Femia, J., *Gramsci's Political Thought: Hegemony, Consciousness, and the Revolution*, (Oxford: Clarendon Press, 1981), pp. 24-40.

⁸³ Adamson, W., *Hegemony and Revolution: A Study of Antonio Gramsci's Political and Cultural Theory*, (Berkeley: University of California Press, 1980), pp. 170.

the supremacy of a social group manifests itself in two ways, as 'domination' and as 'intellectual and moral leadership'. A social group dominates antagonistic groups, which it tends to 'liquidate', or to subjugate perhaps even by armed force; it leads kindred and allied groups. A social group can, and indeed must, already exercise 'leadership' before winning governmental power (this indeed is one of the principal conditions for the winning of such power); it subsequently becomes dominant when it exercises power, but even if it holds it firmly in its grasp, it must continue to 'lead' as well.⁸⁴

The relationship between the ruling elite and the governed in this case is one of 'organic cohesion', where the values and ideas of the dominant class become representative of the whole society.⁸⁵ These ideas and values are propagated in society by intellectuals. It should be noted that Gramsci defines 'intellectuals' not in the traditional sense, meaning thinkers, but rather in an 'organisational function' in whatever area they operate, such as production, culture, and political administration. In this broad sense, intellectuals can include NGO personnel as well as officers in the army.⁸⁶

This view of dominant ideas of the ruling elite emanates from the Marxist tradition, which argues that the dominant class not only controls the 'material' production of society, but also 'intellectual' production.⁸⁷

Jessop elaborates that hegemony 'involves political, intellectual and moral leadership rather than the forcible imposition of the interests of the dominant class on dominated classes'. The hegemonic ruling elite embrace a 'national-popular

⁸⁴ Gramsci quoted in Sassoon, A., *Gramsci's Politics*, (London: Croom Helm, 1980), pp. 111.

⁸⁵ Sassoon, A., *Gramsci's Politics*, (London: Croom Helm, 1980), pp. 124.

⁸⁶ Sassoon, A., *Gramsci's Politics*, (London: Croom Helm, 1980), pp. 134-135.

⁸⁷ Femia, J., *Gramsci's Political Thought: Hegemony, Consciousness, and the Revolution*, (Oxford: Clarendon Press, 1981), pp. 32.

project' that identifies certain objectives with the national interest. Although the project mainly serves the interests of the ruling elite, it considers the interests of different societal groups, including 'subordinate groups'. To enhance their hegemony, the ruling elite sponsor the national project via two means. They mobilise support for the project by promoting political and moral values of the elite through education, and by offering concessions to 'subordinate groups'. Second, opponents of the system who can form an alternative hegemonic constellation for the current ruling elite are neutralised, wherever possible; the ruling elite use force against radical opposition groups that cannot be co-opted into the system.⁸⁸

Utilising the argument of hegemony, one can explain the adoption of welfare policies by the ruling elite as a means for generating legitimacy for the capitalist economic system. Marxists, such as Offe and Habermas, argue that the state, in Western capitalist societies, has manipulated welfare policies in order to secure legitimacy. Its main aim from adopting these policies has been to contribute to the accumulation of capital. This has helped perpetuate the capitalist system by facilitating a process of exchange between capital and labour through offering labour opportunities of education, training, and health care. As organised labour has gained from these policies, in terms of health, education, and other benefits, it has been acquiescent. Nevertheless, the welfare state soon experienced financial difficulties, or what came to be known as the *fiscal crisis* of the state,⁸⁹ and subsequently has been unable to keep its promises.

⁸⁸ Jessop, B., *State Theory: Putting the Capitalist State in Its Place*, (Cambridge: Polity Press, 1990), pp. 181.

⁸⁹ See O'Connor, J., *The Fiscal Crisis of the State*, (New York: St. Martin's Press, 1973).

Marxists attribute this failure to the inherent 'contradiction' within the capitalist mode of production, where the system is based on profitability. Such profitability is maintained through exploitation of labour by suppressing wages. To maintain itself, the capitalist system needs a welfare state, where the latter provides the required infrastructure, creates an environment conducive to technological change, preserves social peace, and helps prevent an eruption of 'conflict and anarchy'.⁹⁰ However, the state eventually becomes burdened with financial obligations of welfare provision, and faces a fiscal crisis as the demand for welfare increases. The state then undergoes retrenchment, at a time when it should have expanded its welfare provision due to rising demands from beneficiaries.⁹¹

Most regimes in LDCs have followed the path of expansion in welfare provision and eventually faced a fiscal crisis. These states, however, differ from Western states, as most of them have been newly created, and their leaders do not enjoy legitimacy like their Western counterparts. It should be noted that the existing theory of the state applies essentially where state formation has taken place over a long period of time, and institutions are firmly established. These institutions are the basis of the legitimacy of the state and its leaders. When one studies political societies in LDCs, one is confronted with a set of problems that emanate from the weakness of state institutions.

This analysis of the state, therefore, does not hold such relevance when applied to newly established/independent states or states in transition. Most regimes in LDCs

⁹⁰ Offe, C., *Contradictions of the Welfare State*, (London: Hutchinson, 1984), pp. 147-154.

⁹¹ Habermas, J., *Legitimation Crisis*, T. McCarthy (trans.), (London: Heinemann, 1976), pp. 68-69.

have been marked by the rule of one man and a dominant ruling group. In these societies, the study of the state needs to take into consideration legitimacy of the ruling regime. Thus, we need to elaborate on legitimacy of regimes in LDCs.

Legitimacy in LDCs

Although countries belonging to this category exhibit different characteristics in terms of resources, population, history, political regimes, and cultures, they share common features, mainly their economic peripherality, and the environment where policies are formulated.⁹²

States in many LDCs were newly created after a long history of colonialism. Their boundaries were drawn haphazardly as a result of 'diplomatic bargaining' between colonial powers, or for 'ease of administration'.⁹³ However, not all states in LDCs are artificial creations of colonialism, some states enjoyed a long history of 'statehood', such as Egypt.⁹⁴

In most LDCs, the heroes who emerged from the struggle for national independence set upon national projects of 'modernising' their states and attaining economic independence. They aspired to make their states wealthy and internationally

⁹² Clapham, C., *Third World Politics: An Introduction*, (London: Croom Helm, 1985), pp. 1-3.

⁹³ Finer, S., *Comparative Government: An Introduction to the Study of Politics*, (London: Penguin, 1970), pp. 109.

⁹⁴ Finer, S., *Comparative Government: An Introduction to the Study of Politics*, (London: Penguin, 1970), pp. 97.

powerful.⁹⁵ One means to achieving this end was identified as industrialisation. Thus, these leaders needed the support of their populations to achieve these ambitious objectives and to remain in power.⁹⁶ Hence, legitimacy became an immediate issue for new leaders of LDCs.

Regime legitimacy in most LDCs is still in transition, being based upon a mixture of tradition and personal qualities of the leader, and sometimes on constitutional methods. Leaders in this phase rely, in their rule, upon the bureaucracy and their personality. The bureaucracy, including the army, provides some degree of continuity, and, therefore, stability.⁹⁷ In order to 'maintain' control, leaders depend on different proportions of persuasion and coercion. If leaders resort more to repression, they can secure their rule in the short run, but this can, as well, lead to instability in the long run. On the other hand, if they seek the genuine support of their populations to ensure stability, they will be under pressure to liberalise the system even more, thus undermining their own rule, as other actors in society will seek power-sharing.⁹⁸

The personality of one man, who has usually emerged as the hero in the pro-longed struggle against colonialism for attaining independence is essential to legitimacy in

⁹⁵ Finer, S., *Comparative Government: An Introduction to the Study of Politics*, (London: Penguin, 1970), pp. 104.

⁹⁶ Dekmejian, A., *Egypt under Nasir: A Study in Political Dynamics*, (London: University of London Press, 1972), pp. 2.

⁹⁷ Heikal, M., *The Autumn of Fury: The Assassination of Sadat*, (London: André Deutsch, 1983), pp. 55.

⁹⁸ Finer, S., *Comparative Government: An Introduction to the Study of Politics*, (London: Penguin, 1970), pp. 110-111.

most LDCs. The problem with this 'one' man, as identified by Heikal, is that 'however respected or even idolized, [the leader] cannot rest on his laurels'. Moreover, this leader cannot confer his legitimacy upon his successor. Lacking *enduring* legitimacy of institutions to back leaders, their achievements remain a main ingredient of their legitimacy. Hence, in contrast to the West, where usually a leader's legitimacy springs from legal institutions of the state, in LDCs it is dependant upon the achievements of the leader, particularly in the fields of welfare, development or foreign affairs.⁹⁹

Welfare

Most leaders of LDCs have promoted welfare policies, at some point in their rule, in order to expand their base of support.¹⁰⁰ These welfare policies range from subsidising food items to extending free health care and education to those who cannot afford them. After an initial redistribution of resources, and with modest growth, the resources of these states were exhausted. In the absence of foreign aid, many LDC states tried to retreat from the area of welfare provision, and the role of the state in economic life, in general, was reduced. Nevertheless, they encountered resistance, from beneficiaries of the system, when they tried to withdraw.¹⁰¹

⁹⁹ Heikal, M., *The Autumn of Fury: The Assassination of Sadat*, (London: André Deutsch, 1983), pp. 55.

¹⁰⁰ Midgley, J., "Theoretical Implications of Third World Social Policy Research", in S. MacPherson, and J. Midgley (eds.), *Comparative Social Policy and the Third World*, (Sussex: Wheatsheaf, 1987), pp. 120-121.

¹⁰¹ Leca, J., "Democratization in the Arab World: Uncertainty, Vulnerability and Legitimacy. A Tentative Conceptualization and Some Hypothesis", in G. Salamé (ed.), *Democracy without Deomocrats? The Renewal of Politics in the Muslim World*, (London: I.B. Tauris, 1996), pp. 56.

Development

Meanwhile, many leaders of LDCs have adopted slogans of development, ignoring the fact that development is a broad process that involves more than establishing factories, and an infrastructure. According to Heikal, development is a process that should embrace the whole society in the cultural, economic, as well as political spheres, and progress on all these fronts should be carried out simultaneously. As Heikal puts it '[t]here can be no true development unless the institutions exist in which it can be contained and flourish, and no effective institutions unless they reflect the reality of the society they are supposed to represent'.¹⁰²

Problems have arisen when leaders have tried to implement welfare and development policies simultaneously, particularly in states with limited resources. As economic and financial resources have been depleted, the fragility of these regimes has been exposed. They have realised that it is difficult to pursue both goals (welfare and development) simultaneously. This usually happens when the first 'relatively easy' stage of IS industrialisation and the expansion of infrastructure is reached; the state is then forced to compromise on one of its two props of legitimacy, 'welfarism or developmentalism'.¹⁰³

¹⁰² Heikal, M., *The Autumn of Fury: The Assassination of Sadat*, (London: André Deutsch, 1983), pp. 55-56.

¹⁰³ Ayubi, N., "Political Correlates of Privatization Programs in the Middle East", *Arab Studies Quarterly*, vol. 14, no. 2 & 3, spring/summer 1992, pp. 40.

Foreign Affairs

On the other hand, failing to address their domestic constituency, a feature not exclusive to LDCs, leaders turn to foreign affairs, where they try to achieve some victories that only buy them time and secure short-term stability and support. When leaders face insurmountable domestic problems, the quick and easy solution is to turn to the external world to try to gather domestic leverage. There is ample evidence in history to support this proposition. For example, when President Sadat was challenged at home in 1977, he became desperate to secure a peace treaty with Israel.

Arab leadership provides a good illustration of the manipulation of the leader's achievements in order to secure their regimes in the absence of strong state institutions.

Legitimacy of Arab Leaders

When most of the Arab leaders have assumed office, they have pledged that their rule would be based on their commitment to attain 'rapid development, social justice, Arab unification, liberation of Palestine, cultural renaissance, sound democracy, and the like'. Since all these objectives could not be achieved simultaneously, the public had to compromise, always on democracy and political reform.¹⁰⁴ However, as Arab populaces have become frustrated with their rulers,

¹⁰⁴ Ibrahim, S., "Introduction", in S. al-Ghabrā, *Al-Kuwait: dirāsah fī āliyyāt al-dawlah al-qutrīyah wa al-sultah wa al-mugtama'* [Kuwait: A Study in the Mechanisms of the Regional State, Authority and Society], [Cairo: Ibn Khaldun Center, 1995], pp. 19-20.

who have failed to achieve any of the declared objectives, they have started to express their discontent, demanding more political freedom and participation. Nevertheless, Arab rulers have been resilient to popular demands of political liberalisation. So far, they have only been removed from power by one of three methods: 'death, assassination, and coup d'état'.¹⁰⁵

During their rule, many Arab leaders have relied upon different strategies to obtain the support of their populations.¹⁰⁶

- Ideologies, such as anti-imperialism, nationalism, Arabism, and socialism;
- External powers mainly for securing economic aid, and to serve the interests of comprador elite;
- Relying on the burgeoning bureaucracy to try to expand their constituencies by extending the network of beneficiaries.

In addition, when all of the above failed, Arab regimes have resorted to repression. Although, for a long time, Arab societies have been characterised by their passivity, they are 'becoming too complex and volatile to be completely controlled'. They seek political freedom and the attainment of human rights. The problem is compounded by the failure of their respective regimes to deal with domestic economic difficulties and regional threats, namely Israel.¹⁰⁷

¹⁰⁵ Ibrahim, S., "The Future of Human Rights in the Arab World", in H. Sharabi (ed.), *The Next Arab Decade: Alternative Futures*, (Boulder: Westview Press, 1988), pp. 41-42.

¹⁰⁶ Murphy, E., "Legitimacy and Economic Reform in the Arab World", *The Journal of North African Studies*, vol. 3, no. 3, autumn 1998, pp. 73-77.

¹⁰⁷ Hudson, M., "State, Society, and Legitimacy: An Essay on Arab Political Prospects in the 1990s", in H. Sharabi (ed.), *The Next Arab Decade: Alternative Futures*, (Boulder: Westview Press, 1988), pp. 23-25, 33.

Thus, as leaders of LDCs have failed to build credible legal institutions that would give them legitimacy in the eyes of their populations, they have ultimately failed to secure rational legitimacy grounded in the institutions of the state. Institutionalisation of the state makes the system more adaptable, complex, autonomous, and coherent and generates long-term legitimacy in the eyes of the populations. In other words, institutionalisation leads to the generation of an 'independent belief in validity of the structure and norms', which is in turn supported by the public leading to the enhancement of legitimacy.¹⁰⁸

The institutionalisation of the state involves establishing a system that allows citizens to participate in the political process. This enhances the legitimacy of the state and the regime, as citizens know they can influence the decision-making process. Hence, political participation is crucial for the legitimacy of the state and the regime, and, accordingly, to the stability of any political system. In the next section, we will examine political participation and democracy in more detail due to their significance for the concept of legitimacy, which is a main reason behind the institution of the social contract.

Political Participation and Democracy

Political participation is defined by Rush as 'the involvement of the individual at various levels of activity in the political system, ranging from non-involvement to

¹⁰⁸ Hudson, M., *Arab Politics: The Search for Legitimacy*, (New Haven: Yale University Press, 1977), pp. 23.

the holding of political office'.¹⁰⁹ Political participation is a major feature of democracy. One cannot speak of a democratic system that does not entail public participation in the political process. Democracy involves 'popular consent and control on the part of the governed which may find expression in various political practices and forms of government'.¹¹⁰

It is important to distinguish between political liberalisation and democracy. Political liberalisation refers to freedom of expression, and providing more outlets and allowing political association. On the other hand, democracy is about political participation, free elections, and peaceful transfer of power from one government to another.¹¹¹

As defined by Schumpeter, 'the democratic method is that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote.'¹¹² The central determinant as to whether a system is democratic or not, according to the above definition, is that leaders are selected by the governed through 'competitive

¹⁰⁹ Rush, M., *Politics and Society: An Introduction to Political Sociology*, (New York: Prentice Hall, 1992), pp. 110.

¹¹⁰ Rush, M., *Politics and Society: An Introduction to Political Sociology*, (New York: Prentice Hall, 1992), pp. 80.

¹¹¹ Norton, A., "The Future of Civil Society in the Middle East", *The Middle East Journal*, vol. 47, no. 2, spring 1993, pp. 207.

¹¹² Schumpeter, J., *Capitalism, Socialism, and Democracy*, (London: Allen & Unwin, 1959), pp. 269.

elections' rather than 'birth, lot, wealth, violence, cooptation, learning, appointment, or examination'.¹¹³

Looking at democracy from this perspective, it involves two essential elements: contestation and participation. The criteria for assessing how democratic a system is are freedom of speech, expression, assembly, organisation, which are crucial for 'political debate', and conducting 'electoral campaigns'.¹¹⁴ Another important feature of democracy is the continuous 'responsiveness' of the government to citizens' preferences. Citizens should be able in a democratic system to 'formulate' and express their preferences, and the government should be accountable to citizens and removed from power if it fails to carry out their will.¹¹⁵

It should be noted that democracy exists along a continuum. A system can be more/less democratic than another system; and it can be more/less democratic at a certain point in time compared to another time. In other words, democracy is a dynamic form of government.¹¹⁶ Although democratic systems can be put in place, they may not endure if they are not institutionalised. Institutionalisation is, therefore, a means of ensuring the stability of the system.¹¹⁷

¹¹³ Huntington, S., *The Third Wave: Democratization in the Late Twentieth Century*, (Norman: University of Oklahoma Press, 1991), pp. 6.

¹¹⁴ Huntington, S., *The Third Wave: Democratization in the Late Twentieth Century*, (Norman: University of Oklahoma Press, 1991), pp. 7.

¹¹⁵ Dahl, R., *Polyarchy: Participation and Opposition*, (New Haven: Yale University Press, 1971), pp. 1-3.

¹¹⁶ Huntington, S., *The Third Wave: Democratization in the Late Twentieth Century*, (Norman: University of Oklahoma Press, 1991), pp. 11-12.

¹¹⁷ Huntington, S., *The Third Wave: Democratization in the Late Twentieth Century*, (Norman: University of Oklahoma Press, 1991), pp. 11.

It does not matter whether the government is irresponsible, incompetent, or corrupt; this does not make it undemocratic. A democratic government can be incompetent, and a non-democratic one can be efficient. The two concepts are not related. The essence of democracy, in any state, is ultimately tested in the process of elections, whereby parliamentarians and deputies can compete in a fair system irrespective of class, ethnicity, religion or gender.¹¹⁸ A government selected by the people will probably have more interest to involve the public in its operations to secure support in subsequent elections.

A democratic system does not mean, however, that people will participate in the political process. There are two types of explanations of political participation: instrumental and developmental theories. Instrumental theories view participation 'as a means to an end, that is for the defence or advancement of an individual or group of individuals and as a bulwark against tyranny and despotism'. As individuals can best judge their own interests, governments should involve the governed to be more effective and to fulfil their wishes. For instrumental theorists, then, participation is the main font of legitimacy of the government. Developmental theories, on the other hand, believe that 'ideal' citizens should participate out of 'societal' responsibility. Thus, citizens, being aware of not only their rights but also their duties, should participate. In this sense participation is regarded as a duty of citizens.

¹¹⁸ Huntington, S., *The Third Wave: Democratization in the Late Twentieth Century*, (Norman: University of Oklahoma Press, 1991), pp. 9-10.

However, citizens do not always participate in the political process, even if they have the option. Social scientists have been interested in explaining the phenomenon of non-participation. Schumpeter, for example, argued that people, in general, tend to exhibit a lack of interest and concern in economic and foreign policy issues and policies that do not have an immediate impact on their everyday life.¹¹⁹

Furthermore, if the populace do not believe that participation can be effective in bringing about change, and that their participation is influential in decision-making in general, they will abstain from participation.¹²⁰ This has been corroborated by the strong statistical correlation between participation and 'political efficacy', which refers to the sense of the possibility of influencing policies.¹²¹

Clapham observes that states that have low level of participation have 'few if any generally accepted moral principles which would distinguish "legitimate" from "illegitimate" government, what matters is simply that it is the government'. In these states even if the regime in question has come to power via 'free and fair procedure', once it is there, it is entrenched and clings to power with no chance of being replaced. Realising this, the populace show low interest in the political process; hence, they do not participate.¹²²

¹¹⁹ Schumpeter, J., *Capitalism, Socialism, and Democracy*, (London: Allen & Unwin, 1959), pp. 261-264.

¹²⁰ Held, D., *Models of Democracy*, 2nd ed., (Cambridge: Polity Press, 1996), pp. 268.

¹²¹ Rush, M., *Politics and Society: An Introduction to Political Sociology*, (New York: Prentice Hall, 1992), pp. 124-125.

¹²² Clapham, C., *Third World Politics: An Introduction*, (London: Croom Helm, 1985), pp. 153-154.

Most LDCs have low levels of participation because regimes control the decision-making process through two means. First, regimes draw a tacit social contract with their populations, whereby the public surrenders its right to participation and receives welfare and patronage in return. Second, regimes try to block the channels of participation through regulations and laws that constrain political freedom. The populations on their part buy into the social contract. But when regimes fail to deliver their part of the contract, populations seek more political participation and question the right of the regime to rule because of its failure to carry out, what they perceive as, its obligation as a welfare provider.

Populations, therefore, look for alternative solutions to their problems rather than rely on an inefficient state that has already failed them. The solution lies in the civil society.

Civil Society

Before the seventeenth century, political philosophers did not make a distinction between state and civil society. Society was conceived as a community of citizens who were subject to the rule of common laws and a civil government.¹²³ Since the rise of the liberal school in the seventeenth century, political philosophers have tended to differentiate between the state and society. This differentiation was particularly outlined by Hegel in the nineteenth century. Hegel's contribution to the study of civil society is that he highlighted the distinction between the state and

¹²³ Faulks, K., *Political Sociology: A Critical Introduction*, (Edinburgh: Edinburgh University Press, 1999), pp. 18-19.

civil society, or the public and the private. Hegel identifies the private as an area of voluntary organisation among individuals as opposed to the public which is organised by the state. He associates the state with the means of coercion. Society, on the other hand, is grounded in freedom and voluntary organisation between individuals not based on familial relationships. To Hegel, the public takes precedence over the private. In other words, the 'interests [of civil society] are subordinate to ... and dependent' upon the state.¹²⁴

Therefore, civil society can be defined as

... all those social relationships which involve the voluntary association and participation of individuals acting in their private capacities ... civil society can be said to equal the milieu of private contractual relationships ... It involves all those relationships which go beyond the purely familial and yet are not of the state.¹²⁵

This definition stresses the voluntary aspect of civil society. Individuals choose *voluntarily* to become members of organisations that are designed to represent differing interest groups in society. It includes, social classes, political parties, welfare associations, and corporations. Thus, in a civil society, citizens hold their 'ultimate loyalty' to their sovereign state; yet, they have sub-loyalties to interest groups, classes, and professions with which they are associated. Sub-loyalties change with vertical (moving to a different class) or horizontal (change of profession or membership of an association) mobility.¹²⁶

¹²⁴ Hegel, G., *Hegel's Philosophy of Right*, T. Knox (trans.), (Oxford: Clarendon Press, 1942), pp. 161.

¹²⁵ Tester, K., *Civil Society*, (London: Routledge, 1992), pp. 8.

¹²⁶ Ibrahim, S. (ed.), "Civil Society and Prospect of Democratization in the Arab World", in *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 245-246.

Civil society is formed of corporations. Corporations are bodies that incorporate members with common interest with the aim of pursuing certain purposes. According to Durkheim, 'corporations' protect the individual from the possible 'excesses' of the state; and they stop the state from relapsing into 'conservatism', which hinders innovation in the political, social and economic spheres. Civil society acts as a check on the state and protects the individual against its possible tyranny.¹²⁷ Civil society, therefore, refers to economic and social voluntary organisations that advance and protect the interests of their members. Thus, it acts as a link between the individual or family and the state, or between universal and particular demands, where universal demands represent the common good of society and particular demands are demands of individuals.¹²⁸

The state, which to Hegel represents the 'highest form of human community', regulates society through the means of coercion over which it has monopoly. It protects the individual by controlling activities that might be harmful to universal interests (the common good). Civil society, on the other hand, aims at confining the role of the state to 'maintaining order' whilst protecting the individual from the arbitrary use of coercion by the state. In other words, society guards the right of the individual to 'life, liberty, and property'.¹²⁹

¹²⁷ Giddens, A., *Durkheim*, (London: Fontana Press, 1986), pp. 60-61.

¹²⁸ Hegel, G., *Hegel's Philosophy of Right*, T. Knox (trans.), (Oxford: Clarendon Press, 1942), pp. 122.

¹²⁹ Steinberg, J., *Locke, Rousseau, and the Idea of Consent: An Inquiry into the Liberal-democratic Theory of Political Obligation*, (Westport, Connecticut: Greenwood Press, 1978), pp. 24-29.

Thus, the relationship between the state and civil society is one of continuous interaction and 'tension', where each party tries to control the other.¹³⁰ The state tries to exercise control over civil society by regulating relationships among different organisations. Civil society, on the other hand, tries to curb the power of the state through the pressure exerted by influential interest groups aiming to make the state more accountable and responsive to their demands and needs.¹³¹ Though the strength of civil society in advancing the interests of its members differs from one country to another, common characteristics can be identified.

Characteristics of Civil Society

In general, civil society is characterised by three main features:¹³²

- 1. Pluralism:** Civil society comprises many self-organised associations,¹³³ which represent the interests of specific groups. These associations are organised along political, economic or social interests. There are two levels of pluralism. Associations operate pluralistically in the political, economic and social spheres. Then the associations functioning within each sphere co-operate and conflict

¹³⁰ Keane, J., *Civil Society: Old Images, New Visions*, (Cambridge: Polity Press, 1998), pp. 6.

¹³¹ Janoski, T., *Citizenship and Civil Society: A Framework of Rights & Obligations in Liberal, Traditional, and Social Democratic Regimes*, (Cambridge: Cambridge University Press, 1998), pp. 12-17.

¹³² Shils, E., "The Virtue of Civil Society", *Government and Opposition*, vol. 26, no. 1, winter 1991, pp. 3-16.

¹³³ Kamrava, M., and F. Mora, "Civil Society and Democratisation in Comparative Perspective: Latin America and the Middle East", *Third World Quarterly*, vol. 19, no. 5, December 1998, pp. 895.

with each other. The lines between these spheres are not clearly demarcated. For example, a political party functions in the political arena, yet it embraces an economic framework, which forms one of the pillars of its programme. Pluralism is attached to liberties; civil society accepts diversity of opinion and interests. Thus, it respects freedom, which is an essential condition for its flourishing. Freedom includes freedom of thought, belief, religion, worship, expression, assembly, representation, and association. The concept of 'citizenship' is central to civil society, as it decrees that all individuals have equal rights, obligations, and dignities. Hence, this ensures the respect for those of different opinion and creed.

2. Autonomy: Civil society is 'distinctly' different from the state; its institutions enjoy autonomy and their decisions and actions are not directed by the state, but are made according to agreement among participants of these institutions. Yet, it has a complex relationship with the state to safeguard this separation. The state stipulates laws that set the boundaries of civil society; on the other hand, civil society limits the actions of the state. The law binds both the state and citizens; it protects the latter from the power of the wealthy, political authorities, bureaucrats, the military, and the police. Abiding by law, in this case, emanates not from force but from a belief in the 'legitimacy of laws, regulations and institutions of society'. Civil society is characterised by civil manners; and thereby it 'regulates the conduct of individuals towards the state and society as well as towards other individuals'.

3. Respect for private property: Another important feature of civil society is its respect for private property. This feature has been crucial for the rise of market economy. According to Smith and Hegel, civil society comprises commercial associations and institutions, which are not a part of the family or the state, that facilitate functioning of the market.

In a state with a dynamic civil society, the state is powerful enough to enforce the law, which protects pluralism, liberties, and private property. It is essential to note that although market institutions constitute a major ingredient of civil society, they are not the only ones. Civil society must be able to protect its autonomy; therefore, it must have political parties that compete through elections. Based on these elections, an independent legislature is formed, which protects the interests of civil society, as well as an independent judiciary. It should also enjoy a free media to monitor the decisions and actions of the government and be able to criticise them freely.¹³⁴

‘Members’ of a civil society compete for power and control of the state. In some cases, one group may become dominant and form the ruling elite in society. According to Mosca, one of the founders of elite theory, societies can be divided into two classes, ‘ruling’ and ‘ruled’. The ruling elite constitute a minority that exercises control over the state whether directly or indirectly.

¹³⁴ Shils, E., “The Virtue of Civil Society”, *Government and Opposition*, vol. 26, no. 1, winter 1991, pp. 9-10.

Using a Marxist framework, the ruling elite is the dominant class, the bourgeoisie, which manipulates the state to serve its own interest. However, elite theorists differ from Marxists in that whereas Marxists believe that once socialism is achieved, the society becomes classless, and hence the state 'withers away', elite theory regards elite ruling, as a form of government, as inevitable, though circulation of power is possible. This implies that the ruling elite can be challenged by a counter-elite that can then seize power; exploitation is a permanent feature of societies.¹³⁵

Pluralism offers a different version of elite theory. Pluralists opine that society comprises many 'heterogeneous social groups' with differing conflicting interests. These interest groups act as a constraint on the state in so far as they are organised, and are able to exert pressure on the state, and affect the decision-making process.

A variation of pluralism is corporatism, which assumes that there is a limited number of self-administered non-competitive associations, often created by the state, such as syndicates and labour unions. These associations co-operate with the state, and, therefore, they benefit from their links with the state. Their dependence on the state acts as a check on their 'behaviour', as they cannot compete openly with the state. They function more as regulatory agencies, 'on behalf of the state', over their members, who do not usually have alternative channels to represent their interests. They operate along hierarchical structures, and, therefore, resemble state bureaucracies.¹³⁶ However, leaders of corporatist associations face a continuous

¹³⁵ Dunleavy, P., and B. O'Leary, *Theories of the State: The Politics of Liberal Democracy*, (London: Macmillan Education, 1987), pp.136-139.

¹³⁶ Williamson, P., *Corporatism in Perspective: An Introductory Guide to Corporatist Theory*, (London: Sage, 1989), pp. 60-69.

'dilemma'. Being dependent on links with the state, they are usually obliged to compromise the interests of their members, in situations where these interests are in conflict with those of the state or regime. This, in turn, undermines their credibility in the eyes of their constituencies.¹³⁷

A corporatist system is marked by a 'symbiotic' relationship between the state and certain key interest groups in society. The state controls these groups, and they 'manipulate' the state to serve their own interests. Usually there is a permeability in the system between the state and these interest groups. In other words, the same people who control the state are associated with these interest groups. For example, incumbent politicians or bureaucrats (or their relatives) may be involved in running private businesses.¹³⁸

As the state can manipulate civil society to serve its own ends, through promoting a corporatist system, the latter can also bring about a change in the system, mainly more political liberalisation. Many political scientists have argued that civil society can be a vehicle for democratisation. This is because civil society is based upon voluntary activity and respect for personal freedoms and private property. Voluntary associations, such as trade unions and professional syndicates, defend and promote the interests of their members and constituencies, meanwhile shaping their 'organizational and civic socialization'. They play a significant role in advocating, pressuring, and monitoring political decisions affecting their members

¹³⁷ Jessop, B., *State Theory: Putting the Capitalist State in Its Place*, (Cambridge: Polity Press, 1990), pp. 163-164.

¹³⁸ Clapham, C., *Third World Politics: An Introduction*, (London: Croom Helm, 1985), pp. 105.

or the society at large. Therefore, they contribute to the 'vitality of the political process', and, hence, to democratisation.¹³⁹

Civil Society and Democratisation

It is predicated that a prosperous civil society can eventually lead to the evolution of a democratic system in LDCs, especially after the failure of the state to meet its obligations of the contract towards the population, as the latter will abrogate the contract by rebelling against their regimes and states. However, Kamrava and Mora argue that civil society organisations can *only* become powerful agents of political liberalisation if the following conditions are satisfied:¹⁴⁰

- 1. Weakening of the state:** As the state fails to fulfil many of its functions, the civil society gains more leverage over the state. Such functions include, provision of infrastructure, and services such as health and education, and improving or maintaining the standard of living of citizens. Civil society organisations 'tend' to rise as the state fails to carry out its functions effectively. They first emerge as a local solution to meet the immediate needs of the community. 'By serving as alternative sources of information and

¹³⁹ Ibrahim, S., "The Socio-economic Requisites of Democracy", in A. Dessouki (ed.), *Democracy in Egypt*, (Cairo: The American University of Cairo, Cairo Papers in Social Science, vol. 1, monograph 2, 1978), pp. 60-61.

¹⁴⁰ Kamrava, M., and F. Mora, "Civil Society and Democratisation in Comparative Perspective: Latin America and the Middle East", *Third World Quarterly*, vol. 19, no. 5, December 1998, pp. 896-897.

communication, many of these organisations directly challenge the interests and legitimacy of the state and erode its capacity to dominate and control society.’¹⁴¹

2. Cultural alienation of the state from society: If the state-affiliated organisations lose their value in the eyes of the public, the latter will start to look for alternative organisations to represent their interests and satisfy their needs. This happens not only in socio-economic areas, but also in cultural and political affairs. For the intelligentsia, for example, issues of sovereignty and human rights are of paramount importance. Thus, if the state fails to preserve its sovereignty by allowing foreign intervention in its affairs, or violates human rights through repression, these groups will form organisations to represent their views on these issues, and act as an opposition front to the state.

3. Existence of social actors able and willing to mobilise various constituents for specific goals that may be local or even national in scope: Values, such as ‘tolerance, trust, moderation, and accommodation’, are essential for the transformation to a democratic society. Social actors who have the power and means of mobilisation, through communication networks such as the media, can instil these values in society. The dissemination of these values, through organised voluntary activity, enhances the process of democratisation.

4. Political effects of economic adjustment and liberalisation: Economic adjustment programmes are usually adopted after the failure of state capitalism

¹⁴¹ Kamrava, M., and F. Mora, “Civil Society and Democratisation in Comparative Perspective: Latin America and the Middle East”, *Third World Quarterly*, vol. 19, no. 5, December 1998, pp. 896.

or large-scale IS based industry. The impact of these economic reforms is the transfer of economic power from the state to the society represented in market forces. This 'empowers' civil society. As the state rolls back from performing its functions, civil society steps in to find ways to help reduce the impact of reforms on groups harmed by these programmes. Consequently, authoritarian regimes lose some of their control over society, as civil society becomes no longer dependent on the state. Thus, civil society enhances its autonomy at the expense of the state.

A consequence of adopting economic reforms in LDCs has been the proliferation of private voluntary organisations (PVOs). PVOs are a subset of civil society. As their name implies, one of their essential features is that they are voluntarily organised. They have been identified by Salamon and Anheier as organisations that have the following features:¹⁴²

- Institutionalised;
- Privately owned;
- Enjoy autonomy from the state;
- They do not distribute profit to owners;
- They control their own activities;
- They are voluntary-based; in other words, there is a significant degree of voluntary participation in their activities.

¹⁴² Salamon, and Anheier cited in Billis, D., and H. Glennerster, "Human Services and the Voluntary Sector: Towards a Theory of Comparative Advantage", *Journal of Social Policy*, vol. 27, no. 1, January 1998, pp. 80-81.

Voluntary organisations, or the third sector, have a comparative advantage over the state, especially in welfare provision, as they tend to be less bureaucratic and rigid. Furthermore, they tend to be specialised and more efficient. Their personnel and clients enjoy a mutually beneficial relationship, where the former gain experience and help their communities, and the latter are involved in self-help projects that improve their conditions in the long run.¹⁴³

Acknowledging the merits of PVOs, the state can cooperate with them by funding their activities, which tends to be cheaper for the public budget. However, this can compromise the autonomy of PVOs, as they become dependent on the state. They will have to be accountable to the government rather than their owners or clients, who may all seek different objectives. For example, the government may want to cut its costs whilst the owners of the PVO tend to promote other cultural or equity objectives, and clients want to benefit more from the products offered to them by the PVO in question. In addition, voluntary organisations tend to be familiar with their customers, and, therefore, can cater for their needs better than state officials. PVOs also tend to be more innovative and have more flexibility in trying new projects.¹⁴⁴ Finally, they receive more contributions from the public.¹⁴⁵

¹⁴³ Graycar, A. (ed.), "Retreat from the Welfare State", *Retreat from the Welfare State: Australian Policy in the 1980s*, (Sydney: Allen & Unwin, 1983), pp. 9.

¹⁴⁴ Graycar, A. (ed.), "Retreat from the Welfare State", *Retreat from the Welfare State: Australian Policy in the 1980s*, (Sydney: Allen & Unwin, 1983), pp. 9.

¹⁴⁵ Billis, D., and H. Glennerster, "Human Services and the Voluntary Sector: Towards a Theory of Comparative Advantage", *Journal of Social Policy*, vol. 27, no. 1, January 1998, pp. 83.

All this makes them a viable solution to the problems of local communities, as they can relieve the state from its financial burden and deliver a more efficient service with a higher quality than that provided by the state. Most LDC states have been reluctant, however, to accept this option, as they fear that the success of these PVOs will highlight their failure in the promotion of the welfare of their societies. This will lead to further alienation of the population, who will also become cognisant of the limitation of the social contract formulae offered by their regimes. This may eventually compel these regimes to choose to modify the terms and conditions of the social contract, by liberalising the political system and allowing more participation, which can ultimately result in the dismantling of these regimes.

Conclusion

In this research, the author argues that state-society relations in LDCs have been governed by a social contract forged by the regime to ensure its stability and survival. This contract is based upon an exchange of acquiescence for patronage and welfare provision. In this chapter, we have introduced the two parties to a social contract, the state and society.

We have examined the state, looking at different approaches to the study of the state and existing definitions. The state has been defined as institutions and individuals controlling these institutions that have supreme authority to recognise any group within society; they have a monopoly over means of coercion, and they rule a nation confined to a certain territory. Central to our understanding of the state and its relations with society are three concepts, strength, autonomy, and legitimacy.

We have discussed the strength of the state, defined as the ability of the state to formulate and implement decisions and policies. We have also considered strong and weak states. The strength of the state exists along a continuum and it changes over time. At one point, the state may be able to implement policies in spite of resistance from society, without being able to change the behaviour of private actors; at other times, it can convince private actors to 'follow' these policies, but it is not able to change the structure of the 'domestic environment'; still at other times it can manage to change the behaviour of actors as well as the domestic structure. It has been argued that strong states are not only the ones that can carry out their decisions and policies in spite of resistance, but also those that can abstain from intervention.

An autonomous state has been identified as one that can execute policies that are not congruent with interests of influential interest groups in society. Marxists argue that the state is not autonomous; it serves the interests of the dominant bourgeois class. The *Bonapartist* state manipulates the conflicting interests of different interest groups within society whilst preserving those of the dominant class.

Neo-Marxists have expanded their view of the 'dominant class' to encompass other influential economic and political groups within society. They have also argued that the state enjoys relative autonomy if it manages to avoid following the interests of the dominant class. A state can enjoy autonomy from influential groups through two ways, either through authoritarian rule or institutionalisation of systems based upon legality.

Authoritarian states that use repression to control society may be able to carry out unpopular policies. However, they are not immune to penetration; influential groups may still manage to infiltrate the system, through corruption, and impose their preferences. In the long run, this system is not stable, as resentment accumulates, and marginalised groups rise against the regime.

On the other hand, institutionalisation tends to result in a more stable outcome. This is because institutions secure legitimacy through legality. Legitimacy in 'modern states', based upon legality rather than charismatic authority, is marked by long-term stability.

Acquiescence of the public does not necessarily mean that the state is legitimate, nor does it eventually translate into state legitimacy, as the public may accept the regime for negative factors, because they fear punishment or exclusion due to non-compliance; or positive factors, where they gain power, status or economic favours in exchange for acquiescence. The problem with both sets of factors is that negative factors can lead to an uprising in the long run, due to the accumulation of resentment and frustration. The second type of factors, on the other hand, can lead to questioning of regime legitimacy once the resources of the state have been exhausted. We have used Held's scale of acquiescence, which presents seven types of acquiescence, only two of which exhibit acquiescence situations where the acquiescence of the public reflects regime/state legitimacy.

Alternatively, in an ideal state, legitimacy ought to be based upon the conviction of the populace that this is the best arrangement available. In this state, the public is

allowed to express its opinions freely and voice its opposition; in short, it allows the populace to affect the outcome of the political process through genuine participation. Such a system generates consensus, and maintains social cohesion in society due to the existence of a durable social contract between the state and society that promotes the common interest.

Social contract theory attempts to explain legitimacy of political authority based upon an agreement between the ruler and the governed. The author has used Locke's contract theory to explain the legitimacy of political authority in LDCs because it entitles citizens to resist their government when the latter 'acts contrary to its trust'. According to Locke, the authority of the ruler is legitimate as long as he/she meets his/her obligations of the contract. These obligations include, preserving life, liberty, and property, and promoting moral values in society. To contractarians, the ruler must promote liberties in society. Welfare cannot be promoted at the expense of liberties.

In LDCs, leaders have sought to generate legitimacy for their regimes by drawing a social contract with their societies. The ruling elite has been co-opted in corporatist systems, through patronage. Other members of society have been offered welfare products in return for their support of their regimes. Moreover, foreign policy has been used sometimes to accumulate credit in terms of legitimacy. However, lacking rational legitimacy grounded in strong institutions of the state, this type of contract based upon material exchange has proved to be non-durable. This is because this contract does not promote social cohesion in society. Moreover, it is tied to the resources of the state, which are limited.

So long the regime has been able to deliver, it has been able to deny the population its right to participation. It should be noted that although in most LDCs, power is concentrated in the hands of one man who controls the instruments of power – the bureaucracy, the army, and the police – and despite the lack of a dynamic political life, political life in LDCs has not been ‘static’. There has been a continuous struggle to bring about change.¹⁴⁶ This movement has intensified with the failure of the state to provide the promised welfare.

As the state has failed to meet the demands and needs of several groups in society, civil society has managed to offer a viable alternative to the state in welfare provision. Civil society associations have proved to be more effective than the state in meeting the needs of their members because they are based upon voluntary activity, and due to their sensitivity to the needs of the communities they serve. However, as the state allows the civil society to operate more freely, it risks losing the control it exercises over society. This has been the case particularly in societies where state and regime legitimacy has been so weak, and the regime has relied upon welfare provision as a principal component of the social contract in order to enhance its legitimacy.

¹⁴⁶ Heikal, M., *The Autumn of Fury: The Assassination of Sadat*, (London: André Deutsch, 1983), pp. 201.

Chapter Two

The Welfare State

Introduction

In the previous chapter, we looked at the state, its strength, autonomy, and legitimacy vis-à-vis society. We argued that regimes in most LDC states lack legitimacy; they have, therefore, engaged in a social contract with their populations based on patronage and welfare provision to gain their support. Welfare provision, in particular, has proved effective in reaching lower income groups, who have otherwise been inaccessible to regimes in LDCs, which lack strong institutions to generate the required support to sustain their rule. We also discussed briefly the failure of these regimes to sustain the social contract because of the limited resources of their states. Eventually, most LDC states that have adopted welfare policies have experienced financial difficulties and have been unable to meet the demands and needs of their populations; the latter have looked for alternatives within civil society.

Most regimes in LDCs, after independence, have made welfare provision the cornerstone of their social contract declaring products, such as education and health

care, as the 'right' of every citizen. However, these states could not afford to expand in welfare provision to meet the needs of the growing populations because of their limited resources. Subsequently, whenever a state has tried to retreat from delivering the rights of its citizens, beneficiaries have resisted. They have perceived the state/ regime unworthy of their support because it has encroached upon their rights; and the fragility of legitimacy has been exposed. Since the focus of this research is the social contract in LDCs based upon welfare provision, it is imperative to examine the welfare state. Although the welfare state emerged in advanced Western capitalist societies, the author argues that the concept is applicable to states in LDCs that have engaged in welfare provision.

In this chapter, we will propose a definition of the welfare state suitable for the purpose of the research. We will trace the evolution of the welfare state in the West, and especially in Britain, as this was the cradle of what came to be known as the 'welfare state'. We will also analyse the reasons behind the emergence, expansion, and retrenchment of the welfare state in advanced capitalist societies.

This examination of the welfare state in advanced capitalist societies will enable us to comprehend how the welfare state can serve as a legitimating machine, and why regimes in LDCs, which have lacked legitimacy, have found a remedy to their problem in the welfare state. In particular, this chapter will highlight the difference between the Western model of the welfare state, which has evolved over nearly two centuries, and the welfare state that emerged in LDCs rather as a 'quick fix' in order to generate legitimacy.

In order to understand how the state has become a provider of welfare, and what other alternatives are available to individuals when the state fails to meet their needs, we need to identify the possible channels of welfare provision in any society.

Systems of Welfare Provision

There are four systems that provide welfare in society:¹

- informal system;
- private sector or market system;
- voluntary sector (the third sector);
- the state;
- **Informal system:** Traditionally, the family or household (sometimes people living within the same household are not related by kinship) has been the main provider for the individual. This informal system has also included friends and neighbours. In LDCs, and among poor communities, in particular, this network still constitutes the main source of assistance for the poor. With the rise of industrialisation and capitalism in Western societies, the role of the family has declined as the main source of provision, and it has been incrementally replaced by market forces.²

¹ Wolfenden Committee, *The Future of Voluntary Organisations: Report of the Wolfenden Committee*, (London : Croom Helm, 1978), pp. 15.

² Bryson, L., *Welfare and the State: Who Benefits*, (London: Macmillan, 1992), pp. 70-71.

- **Market system:** With industrialisation, individuals started to earn wages, which could be exchanged for goods and services in the market. Employed workers, who earned modest wages, could no longer support members of their family/households who did not earn a living. Therefore, groups who could not earn a living, such as the elderly, disabled, sick and children, were made vulnerable by market arrangements. These groups received support from voluntary organisations.³
- **Voluntary sector:** In capitalist societies, since the eighteenth century, voluntary organisations have offered assistance to individuals when the family/household has failed to provide for its members. These organisations have experienced periods of rise and decline due to constraints of their resources. Subsequently, the state stepped in to meet human needs that were beyond the means of the voluntary sector, and could not be sufficiently provided by the market system.⁴
- **The state:** The rising interest in social justice, citizenship rights, and accordingly, the welfare of all citizens in society led to the intervention of the state in welfare provision, and the development of what came to be known as the welfare state.⁵

³ MacPherson, S., and J. Midgley (eds.), "Introduction: The Third World and Comparative Social Policy", *Comparative Social Policy and the Third World*, (Sussex: Wheatsheaf, 1987), pp. 6.

⁴ Henriques, U., *Before the Welfare State: Social Administration in Early Industrial Britain*, (London: Longman, 1979), pp. 3-4.

⁵ Marshall, T., "Citizenship and Social Class", in C. Pierson, and F. Castles (eds.), *The Welfare State: A Reader*, (Cambridge: Polity Press, 2000).

The role played by the fourth agent, the state, in the provision of welfare will be the focus of this chapter. We will examine the philosophy and the origins of the welfare state. Then we will discuss proposed explanations for its emergence, rise and decline looking at the relevance of these phases to the social contract based upon welfare provision. Although the circumstances that led to the evolution of the welfare state in capitalist societies are different from the circumstances that led to its imposition in LDCs, welfare provision still passed through the same phases. The implications of these phases for regime legitimacy will be investigated later in this chapter. Finally, we will consider the various kinds and forms of welfare provided by the state.

The Welfare State

Most of the literature on the welfare state has focused on the rise of the welfare state. Little attention has been given to defining the welfare state. However, defining the welfare state is important for the identification of any state (in this research, Egypt) as a welfare state.⁶ Therefore, we will explore competing definitions of the welfare state in order to reach a working definition suitable for the purpose of this study.

⁶ Esping-Andersen, G., *The Three Worlds of Welfare Capitalism*, (Princeton: Princeton University Press, 1990), pp. 18.

The Philosophy

Welfare literally means 'well-being', which adds little to the conceptualisation of welfare. Using a utilitarian approach, Brandt defined welfare as universal needs that have to be satisfied to attain fulfilment.⁷

Conventionally, the term 'welfare state' has referred to a state that 'promised to deliver economic security to those who are at a disadvantage within the market economy of capitalist societies'.⁸ This definition of the welfare state implies that products provided by the state are limited to ensuring economic security, and the recipients of those products are the 'disadvantaged' only. As will be explained later in this chapter, this definition describes early versions of the welfare state in capitalist societies, which extended welfare only to the poor, and where welfare was designed to ensure that a minimum standard of living was achieved for all citizens.

Another perspective characterises a welfare state as one where 'benefits' in cash or kind, such as social security, health, education, and housing, are provided to targeted individuals, but not in exchange for a contribution to the national output. The significance of using *targeted individuals* in the definition of the welfare state is to point out the difference between these goods and services and public goods,

⁷ Brandt, R., "The Concept of Welfare", in N. Timms, and D. Watson (eds.), *Talking about Welfare: Readings in Philosophy and Social Policy*, (London: Routledge & Kegan, 1976), pp. 64-85.

⁸ Bryson, L., *Welfare and the State: Who Benefits*, (London: Macmillan, 1992), pp. 1-2.

where nobody can be excluded once the good/service has been provided; the classic example being defence where all citizens benefit from it.⁹

As the welfare state had developed in Western capitalist societies, its functions increased and its beneficiaries expanded to include other groups in society. Piet Thoenes defined the welfare state as 'a form of society characterised by a system of democratic, government-sponsored welfare placed on a new footing and offering a guarantee of collective social care to its citizens, concurrently with the maintenance of a capitalist system of production'.¹⁰

This definition of the welfare state specifies three conditions for a state to be identified as a welfare state. First, the welfare state must have a democratic system of government; this type of government is essential to ensure freedom for all members of society. In this sense, this definition is broader than the previous one, as it stresses not only economic security but also human security.

Second, it suggests that welfare provision is offered universally to all members of society. This suggests that the concept of the welfare state has moved away from focusing only on the disadvantaged. Alternatively, it is based upon *citizenship*, defined as 'passive and active membership of individuals in a nation-state with certain universalistic rights and obligations at a specified level of equality', where passive rights refer to the 'rights of existence' and active rights refer to the rights of

⁹ Wilson, T., and D. Wilson, *The Political Economy of the Welfare State*, (London: Allen & Unwin, 1982), pp. 4-5.

¹⁰ Thoenes, P., *The Elite in the Welfare State*, edited by J. A. Banks, translated by J. E. Bingham, (London: Faber & Faber, 1966), pp. 125.

political participation and influencing the decision-making process.¹¹ Welfare provision based on citizenship is associated with the ideas of T.H. Marshall, who argues that the process of rights involves three spheres: civil, political, and social.¹² According to this perspective, the welfare state ensures solidarity and integration of all members within the community as welfare is provided to all members of society regardless of their class or economic ability.¹³

It should be noted that advocates of this approach are not interested in economic egalitarianism *per se*. They are more concerned with social rights that are based upon full membership of a community. The welfare state compensates the disadvantaged for their plight and the cost of providing welfare is borne by other community members out of duty, and not only because they are responsible for the misfortune of others.¹⁴ This idea stems from the social contract, which acknowledges the benefits of a system where individuals give up some of their resources in order to help create an environment free of brutality and poverty, and also to insure themselves against the risk of destitution.¹⁵

¹¹ Janoski, T., *Citizenship and Civil Society: A Framework of Rights and Obligations in Liberal, Traditional, and Social Democratic Regimes*, (Cambridge: Cambridge University Press, 1998), pp. 9.

¹² Marshall, T., *Social Policy in the Twentieth Century*, (London: Hutchinson, 1975).

¹³ Esping-Andersen, G., *The Three Worlds of Welfare Capitalism*, (Princeton: Princeton University Press, 1990), pp. 25.

¹⁴ Titmuss, R., *Essays on 'The Welfare State'*, (London: Allen & Unwin, 1963).

¹⁵ Coleman, J., "The Balance between Rights Individually Held and Rights Collectively Held", in M. Lessnoff (ed.), *Social Contract Theory*, (Oxford: Basil Blackwell, 1990), pp. 189, 194-195.

This definition is, therefore, grounded in Rousseau's social contract, which underscores the notions of solidarity and promotion of the common good of society identified in the 'general will'.¹⁶ To this end, individuals surrender some of their resources in order to preserve their own interests represented in the maintenance of solidarity within a capitalist system of production, whilst the state takes on the role of providing social care for its citizens.¹⁷

Third, according to Thoenes' definition of the welfare state, the welfare state may depend on 'market forces' in the provision of basic services, but its aim is to contribute to the 'well-being of its citizens'. The welfare state has emerged in capitalist economies. Proponents of citizenship theory aver that capitalism and market systems produce inequalities that should be rectified by the state. They claim that the state is more efficient than markets in providing welfare, since the market can lead to the overpricing of products or even shortage in production due to imperfect information and externalities. It should be noted, however, that proponents of citizenship theory do not advocate the abandonment of capitalism; they argue that the state should intervene in areas of welfare provision only within a capitalist system of production because economic growth alone cannot ensure the welfare of society. They assert that in periods of recession, welfare provision can help sustain demand, and, hence, contribute to growth.¹⁸

¹⁶ Rhodes, M., and Y. Mény (eds.), "Introduction: Europe's Social Contract under Stress", *The Future of European Welfare: A New Social Contract?*, (London: Macmillan Press, 1998), pp. 3.

¹⁷ Wilson, T., and D. Wilson, *The Political Economy of the Welfare State*, (London: Allen & Unwin, 1982), pp. 20-21.

¹⁸ Harris, D., *Justifying State Welfare: The New Right versus the Old Left*, (Oxford: Basil Blackwell, 1987), pp. 27-34.

After World War II, the philosophy of the welfare state, in Western capitalist societies, incorporated the broader objective of eliminating inequalities by embracing other groups in society under the welfare umbrella and not by limiting itself to providing for the poor and needy. The concept of the welfare state was expanded to include 'physical, mental and moral' aspects of life and not only material improvement of the poor.¹⁹

Giddens has pointed out that welfare should not be considered as an economic condition of citizens, but it is a 'psychic' concept. In a welfare society, the state is not the sole provider of welfare; other institutions in society contribute to promoting welfare within society. In other words, it is not just provision of goods and services, but the investment in human capital that serves the general welfare of society. Furthermore, over the last twenty years, there has been a challenge to existing narrow orthodox studies of welfare, which has tended to exclude certain groups within society. These disadvantaged groups include women and other races in multiracial societies.²⁰ However, for the purpose of this research, we will not address these groups; we will adopt a narrow concept considering only the welfare of middle and lower income groups. This is because welfare policy in LDCs has been mainly concerned with providing for these groups.

¹⁹ Robson, W., *Welfare State and Welfare Society: Illusion and Reality*, (London: Allen & Unwin, 1976), pp. 12-14, 139.

²⁰ Giddens, A., *The Third Way: The Renewal of Social Democracy*, (Cambridge: Polity Press, 1998), pp. 117.

As we have discussed the philosophy of the welfare state, we will now examine the origins of the welfare state in order to be able to understand the reasons behind its emergence, expansion and decline in Western capitalist economies.

Origins of the Welfare State

The tradition of the welfare state first emerged in Britain. It started, in a very primitive form, as early as the fourteenth century in the form of Poor Laws, though it was not known as a welfare state then. At the beginning, the state aimed at mitigating destitution by passing acts to punish beggars, and finding work for the unemployed.²¹ However, most of the services targeting the poor were extended through local parishes that looked after their own poor. This situation lasted for nearly 300 years.²²

For a long time, poverty had been perceived as 'inevitable'. It was believed that people were born poor; accordingly, they could be helped through charities and almsgiving. Nevertheless, they would essentially remain poor. In the eighteenth and nineteenth centuries, as a result of industrialisation and the modernisation of agriculture, many peasants lost their primary source of income and moved to urban

²¹ These laws were mainly 'punitive' in nature, as their purpose was to 'repress vagrancy'; however, they also tried to relieve the destitute. Henriques, U., *Before the Welfare State: Social Administration in Early Industrial Britain*, (London: Longman, 1979).

²² Marsh, D., *The Welfare State: Concept and Development*, 2nd ed., (London: Longman, 1980), pp. 2-14.

centres. It was during this period that voluntary organisations expanded in providing relief to the destitute.²³

It was also during the nineteenth century, that the state in Britain became active in the realm of social policy by developing a central system of *residual* welfare for the destitute. It tried to mitigate poverty by introducing, through the Parliament, services under the Law of 1834. These policies, which extended welfare only to the deserving poor after subjecting them to a means test, covered areas such as public health, education, factory conditions, and housing. However, social policy was designed such that the standard of living guaranteed by the Poor Laws was lower than that of employed individuals to prevent abuse of the system and to discourage people from relying on this system rather than working.²⁴

In 1883, the first social insurance state, which became an essential ingredient of any welfare state, was established by Bismarck in Germany.²⁵ The German model of welfare relied heavily on the private voluntary sector to deliver welfare. This model was mainly earnings-related and provided insurance for beneficiaries against

²³ Keithley, J., "United Kingdom", in J. Dixon and R. Scheurell (eds.), *Social Welfare in Developed Market Countries*, (London: Routledge, 1989), pp. 311.

²⁴ Room, G., *The Sociology of Welfare: Social Policy, Stratification and Political Order*, (Oxford: Basil Blackwell, 1979), pp. 15.

²⁵ Bismarck developed this system to pacify the labour movement as it constituted a political threat to stability. The system was aimed specifically at employees, and not to the whole population, and was financed through contributions of employees and employers. See Bonoli, G., "Classifying Welfare States: A Two-dimension Approach", *Journal of Social Policy*, vol. 26, no. 3, July 1997, pp. 358, 367.

sickness, industrial accidents, old age, and invalidity.²⁶ The German model was then reproduced by other states, especially in the field of social insurance; however, the voluntary sector was assigned different parts in the distribution of welfare in different countries. For instance, whereas in Austria and Belgium the voluntary sector has been a major agent in welfare delivery, it has played a minimum role in Sweden.²⁷

In the early twentieth century, the writings of Booth and Rowntree, which revealed the misery of the poor in Britain,²⁸ caused a change in attitudes towards poverty. The rise in awareness about the prevalence and extent of poverty coincided with the affluence of the economy, due to economic growth generated by imperialism. Both factors contributed to the rise of interest in social policy. Policies were initiated to mitigate poverty, improve working conditions, eradicate illiteracy, eliminate slums and inferior housing, and to suppress inequality. More steps were taken to protect the most vulnerable groups in society, mainly the elderly, the poor, and unemployed. The Liberal Government of 1906-14 introduced minimum standards for wages, health, unemployment insurance, housing, and nutrition. These minimum standards were set as a limit below which no one was supposed to fall. This

²⁶ Wislon, T., and D. Wilson, *The Political Economy of the Welfare State*, (London: Allen & Unwin, 1982), pp. 7.

²⁷ Lord Beveridge, 'the architect of the British welfare state' (although he detested the term welfare) copied the German system after his visit to Germany in 1907. See Giddens, A., *The Third Way: The Renewal of Social Democracy*, (Cambridge: Polity Press, 1998), pp. 111-112.

²⁸ See for example, Booth, C., *Life and Labour of the People of London*, (London: Macmillan, 1902-1904); and Rowntree, B., *Poverty: A Study of Town Life*, (London: Thomas Nelson & Sons, 1901).

minimum was increased incrementally, and the circle of beneficiaries was expanded to include the disabled, children, and single mothers.²⁹

The term 'welfare state', in particular, gained circulation after the publishing of the Beveridge report, entitled *Social Insurance and Allied Services*, in 1942.³⁰ The Inter-Departmental Committee on Social Insurance and Allied Services was commissioned by the Minister without Portfolio (the Rt. Hon. Arthur Greenwood, M.P.), in June 1941, to survey the 'existing national schemes of social insurance and allied services, including workman's compensation' and to draw up some recommendations for improving those schemes. In his report, Beveridge emphasised that welfare provision should be universal, comprehensive, and adequate to overcome 'Want, ... Disease, Ignorance, Squalor, and Idleness'.³¹ Welfare provision was 'comprehensive' in two senses. First, contributors to the social insurance scheme were insured against 'all risks which might deprive' them of earning an income. Second, by stipulating that everyone should join the scheme, it ensured that citizens enjoyed an equal treatment by the state, and, hence, avoided the stigma associated with entitlements based upon a means test.³²

²⁹ Robson, W., *Welfare State and Welfare Society: Illusion and Reality*, (London: Allen & Unwin, 1976), pp. 20-22.

³⁰ Although the term 'welfare state' was first used by Archbishop Temple in 1941, it was not until it was cited by Lord Beveridge in 1942 that it gained circulation. Marsh, D., *The Welfare State: Concept and Development*, 2nd ed., (London: Longman, 1980), pp. 13-15.

³¹ Beveridge, W., *Social Insurance and Allied Services*, (London: Her Majesty's Office, 1974), pp. 5-7.

³² Lowe, R., "Lessons from the Past: The Rise and Fall of the Classic Welfare State in Britain, 1945-76", in A. Oakley, and A. Williams (eds.), *The Politics of the Welfare State*, (London: UCL Press, 1994), pp. 38-39.

Accordingly, welfare went beyond providing a minimum standard of living to enhancing the quality of life. It also aimed at protecting society by fostering co-operation and integration, especially after the World War II.³³ World War II contributed to the birth of the 'welfare state'. Although the process started since the mid nineteenth century, it was finalised after World War II, and the welfare state came officially into being on 5 July 1948.³⁴ It was the need for social reconstruction, after the depression of the 1930s, compounded by the war that brought about the change in attitudes towards welfare. The risk imposed by the War on the whole society, mostly civilians rather than the military only, indiscriminately made people realise the need to share resources as they share the risks.³⁵ The solidarity produced because of the War, manifested in an active social policy, could be attributed to the fact that the 'otherwise privileged groups discovered that they shared a common interest in reallocating risk with the disadvantaged'.³⁶ With the expansion of welfare provision by the state, social services were extended to the whole population rather than focusing only on the poor or disadvantaged groups.

³³ Robson, W., *Welfare State and Welfare Society: Illusion and Reality*, (London: Allen & Unwin, 1976), pp. 22-24.

³⁴ See Marsh, D., *The Welfare State: Concept and Development*, 2nd ed., (London: Longman, 1980), pp. 1-2.

³⁵ Marsh, D., *The Welfare State: Concept and Development*, 2nd ed., (London: Longman, 1980), pp. 22-23.

³⁶ Baldwin, P., *The Politics of Social Solidarity: Class Bases of the European Welfare State 1875-1975*, (Cambridge: Cambridge University Press, 1990), pp. 292; Titmuss, R., *Essays on 'The Welfare State'*, (London: Allen & Unwin, 1963), pp. 83-85.

Expansion of the Welfare State

The flourishing of the welfare state in the advanced economies, after World War II, was concomitant with the adoption of Keynesian policies, which stressed the expansion of a demand-led economy as a means of avoiding a recurrence of the high unemployment experienced during the inter-war period. Full employment was embraced as an objective of the state.³⁷ In seeking full employment, industrialised states tried to enhance their competitiveness by engaging directly in production. They enjoyed high economic growth levels due to the prospering liberal international trade environment. Accordingly, these states were able to finance the expansion of the welfare state. It was assumed that all interests within society could be 'reconciled' under a capitalist system. This could be achieved by insuring people 'against the uncertainty of the market'. Therefore, welfare products were extended to all members of society, rather than to a specific group, as a *universal right*.³⁸

The welfare state prospered also in Scandinavian or Nordic countries after World War II. Nordic states have been able to finance their welfare states from the growth enjoyed in the post-war era. They have provided welfare services by expanding the public sector.³⁹ Nordic countries, especially Sweden, are often cited, by social policy scholars, as the ideal model for welfare states. The unique quality of their

³⁷ Mishra, R., *The Welfare State in Capitalist Society: Policies of Retrenchment and Maintenance in Europe, North America and Australia*, (New York: Harvester Wheatsheaf, 1990), pp. 12.

³⁸ Bryson, L., *Welfare and the State: Who Benefits*, (London: Macmillan, 1992), pp. 45-46.

³⁹ Longue cited in Bryson, L., *Welfare and the State: Who Benefits*, (London: Macmillan, 1992), pp. 112.

welfare states lies in their 'combination' of welfare programmes, and residual and universal policies. They have been influenced by the British experience, particularly the writings of Titmuss. The welfare state has found favour in the eyes of Swedish citizens because of their social homogeneity and minimal social divisions. This was manifested in the nineteenth century when the state did not intervene to 'evict' the peasants for the advantage of large landowners, as happened in Britain. Additionally, the state in Sweden showed concern, particularly, for workers by enacting laws that warranted their rights in case of accidents and sickness.⁴⁰

Esping-Andersen and Korpi characterise Nordic welfare states as having three main features: comprehensiveness of services, institutionalisation of entitlements as rights based on citizenship rather than contribution, and solidarity and universality of 'social legislation'.⁴¹ The state provides a broad range of services, such as maternity benefits, cash allowances, and care for children and the elderly, and they are parcelled out to the public as democratic rights to citizens stipulated in 'some form of legislation'.⁴²

By extending welfare universally to all citizens, the state engages all members of society in the social contract. Those in employment finance the administration and

⁴⁰ Olsson, S., "Sweden", in J Dixon, and R. Scheurell (eds.), *Social Welfare in Developed Market Countries*, (London: Routledge, 1989), pp. 264-269.

⁴¹ Esping-Andersen and Korpi cited in Bryson, L., *Welfare and the State: Who Benefits*, (London: Macmillan, 1992), pp. 115.

⁴² Rosenthal, A., *The Social Programs of Sweden: A Search for Security in a Free Society*, (Minneapolis: The University of Minnesota Press, 1969), pp. 3-11.

distribution costs in the welfare state through 'high taxes'.⁴³ Beneficiaries of the system buy into the contract, and they provide their support for the welfare state. Meanwhile, the state has to ensure that the services offered are of high quality to meet the needs of the elite, who benefit more from these services but also make contributions to the system; otherwise they will make use of private services and their support for the welfare state will wane.⁴⁴

Thus, we can conclude that the welfare state flourished in Western capitalist economies after World War II. These states were able to finance welfare because they experienced economic growth due to the liberal international trade environment. However, as the international environment changed in the 1970s, states found it difficult to sustain their welfare policies, and the welfare state started to decline.

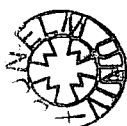
Decline of the Welfare State

In the late 1970s, world recession coupled with rising inflation after the oil shocks in the mid-1970s put economic pressures upon all welfare states. The economic difficulties that these capitalist welfare states faced led liberal thinkers, who opposed state intervention, to argue that these economic difficulties were caused by state involvement in economic life.⁴⁵ They believed that the role of the state should

⁴³ Rhodes, M., and Y. Mény (eds.), "Introduction: Europe's Social Contract under Stress", *The Future of European Welfare: A New Social Contract?*, (London: Macmillan Press, 1998), pp. 7.

⁴⁴ Haveman cited in Bryson, L., *Welfare and the State: Who Benefits*, (London: Macmillan, 1992), pp. 129.

⁴⁵ Hall, J., and J. Ikenberry, *The State*, (Milton Keynes: Open University Press, 1989), pp. 78-79.



be minimised, as only markets could guarantee 'basic rights and freedom' as well as efficient production and competitiveness.⁴⁶ Liberal governments, especially Thatcher's in Britain and Reagan's in the US, argued for the 'rolling back of the state' and the reduction of state intervention.⁴⁷

The pressures exerted, by detractors and beneficiaries of the welfare state, on the state were pulling it in different directions. Liberal economists argued that the *fiscal crisis* of the state dictated a cut of expenditure on welfare and the retrenchment of the state. On the other hand, the recession was hurting more people and making them more vulnerable, and demands increased for more help from the state.⁴⁸

Thus, the 'welfare state' started to decline, in the late 1970s, in response to the heavy financial burden imposed by welfare policies. These states responded to the fiscal crisis by moving more towards a free market economy. Since the early 1980s, states in developed economies have adopted structural adjustment programmes and assumed a more entrepreneurial role by encouraging a competitive business environment. Most of these states have embraced policies of 'deregulation' especially in taxation, financial markets, labour markets, and product markets. They

⁴⁶ Bryson, L., *Welfare and the State: Who Benefits*, (London: Macmillan, 1992), pp. 43-44.

⁴⁷ Pierson, P., *Dismantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment*, (Cambridge: Cambridge University Press, 1994).

⁴⁸ Cox, R., "The Consequences of Welfare Reform: How Conceptions of Social Rights Are Changing", *Journal of Social Policy*, vol. 27, no. 1, January 1998, pp. 1-2.

have tried to enhance the international competitiveness of their economies by encouraging privatisation and economic liberalisation.⁴⁹

This trend has intensified throughout the 1990s, with the rise of globalisation and weakening of the state's bargaining power vis-à-vis multinational corporations, which seek higher profitable operations by relocating production in countries with cheaper labour.⁵⁰ The implication of relocation of production in other countries for the Western welfare state has been the intensification of struggle between capital and labour, as a consequence of the rise of long-term unemployment in advanced industrialised economies. This has constituted a major challenge to the state's ability to distribute resources and restrain 'competition between national capital and labour' in society, which has enabled the state to maintain social cohesion. This was perceived in many advanced industrialised economies as the foundation of the post World War II social contract.⁵¹ Most states have responded to this change in international investment environment and rising unemployment by retrenchment

⁴⁹ Ayubi, N., "Political Correlates of Privatization Programs in the Middle East", *Arab Studies Quarterly*, vol. 14, no. 2 & 3, spring/summer 1992, pp. 40.

⁵⁰ Swank, D., "Political Institutions and Welfare State Restructuring: The Impact of Institutions on Social Policy Changed in Developed Democracies", in P. Pierson (ed.), *The New Politics of the Welfare State*, (Oxford: Oxford University Press, 2001), pp. 201-205.

⁵¹ Jordan, B., "European Social Citizenship: Why a New Social Contract (Probably) Will Not Happen", in M. Rhodes, and Y. Mény (eds.), *The Future of European Welfare: A New Social Contract?*, (London: Macmillan Press, 1998), pp. 247-248. See also Rhodes, M., "Globalization, Labour Markets and Welfare States: A Future of 'Competitive Corporatism'?", in M. Rhodes, and Y. Mény (eds.), *The Future of European Welfare: A New Social Contract?*, (London: Macmillan Press, 1998), pp. 179.

reflected in a shift to a residual model of welfare provision, relying on private insurance, and lower taxes.⁵²

Hence, many Western states adopted retrenchment programmes, especially in welfare provision. Retrenchment was manifest not only in budget cuts, but also in limiting eligibility of recipients, and encouraging private provision.⁵³ This process was accelerated as liberals became prominent in policy-making. They claimed that the state should retreat from welfare provision. This came to be known as the 'crisis of the welfare state', which was highlighted in the 1980s. It came to be seen not only as a crisis of the welfare state but also a 'crisis of the capitalist state'. The state came under pressure to 'maintain a viable economy' and promote an economic environment that would be conducive to capital accumulation and growth, whilst retaining the support of its citizens, who got used to 'a certain level of social provisions and relatively high levels of government expenditure'.⁵⁴ The welfare state was unsustainable because the left could not raise taxes due to the economic slowdown, and the right could not dismantle welfare programmes without public resistance,⁵⁵

⁵² Swank, D., "Political Institutions and Welfare State Restructuring: The Impact of Institutions on Social Policy Changed in Developed Democracies", in P. Pierson (ed.), *The New Politics of the Welfare State*, (Oxford: Oxford University Press, 2001), pp. 204.

⁵³ Pierson, P., *Dismantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment*, (Cambridge: Cambridge University Press, 1994), pp. 14-16.

⁵⁴ Bryson, L., *Welfare and the State: Who Benefits*, (London: Macmillan, 1992), pp. 10-11. In 1980, a conference was held by the Organisation for Economic Cooperation and Development (OECD) on the 'Crisis of the Welfare State'. *The Welfare State in Crisis: An Account of the Conference on Social Policies in the 1980s*, OECD, Paris, 20-23 October 1981, (Paris: Organisation for Economic Co-operation and Development, 1981).

⁵⁵ Huber, E., and J. Stephens, "Welfare State and Production Regimes in the Era of Retrenchment", in P. Pierson (ed.), *The New Politics of the Welfare State*, (Oxford: Oxford University Press, 2001), pp. 125.

In order to minimise opposition to retrenchment efforts, regimes have adopted different techniques. They have obfuscated reform policies by making it more difficult for their constituencies to obtain information about reforms or making reforms more complex so that their effects are less visible. They have also offered transitional compensation to those harmed by the retrenchment project, mainly the reduction of the public sector.⁵⁶

One of the major implications of the weakening of the welfare state has been the crack of the social contract in these states. In other words, the failure of the state to control unemployment has led to the need to reformulate the social contract, as the state has failed to deliver its obligations. The state could no longer sustain welfare provision, and hence, the solidarity of members of society has been compromised. Critics of the welfare state maintain that 'high levels of welfare spending and growth are incompatible'. The state has been under pressure to cut its costs in face of the opposition of beneficiaries, who perceive welfare policies as their social rights, based on citizenship, grounded in the social contract.⁵⁷

The effectiveness of citizens' resistance to the retreat of the state from welfare provision is usually determined by the model of welfare employed. For example, in cases where welfare provision has been universal and based on *citizenship*, such as health and education, beneficiaries have acted as a powerful pressure group against retrenchment attempts in these areas. Citizens, in these cases, perceive welfare

⁵⁶ Pierson, P., *Dismantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment*, (Cambridge: Cambridge University Press, 1994), pp. 19-24.

⁵⁷ Rhodes, M., and Y. Mény (eds.), "Introduction: Europe's Social Contract under Stress", *The Future of European Welfare: A New Social Contract?*, (London: Macmillan Press, 1998), pp. 8-10.

products as their social rights, and an essential obligation of the state, which has an obligation to guarantee not only the security of society but also its welfare. They are unwilling to surrender these rights. Social rights are, therefore, crucial to the social contract.⁵⁸ On the other hand, in situations where the state relies on a *means-test* model, such as income support benefits, and welfare is targeted, recipients are not able to act as a powerful pressure group to resist rescinding of welfare.⁵⁹

Models of welfare provision by the state determine how welfare is perceived by recipients. This is particularly significant for regimes that have based their social contracts on welfare provision. Thus, it is important to examine the different models of welfare provision.

‘Models’ of Welfare Provision

States have differed in the form and finance of welfare they have offered, the selectivity or universality of the system of welfare, and the degree of in/dependency on the market that their beneficiaries are subject to because of the welfare system. Esping-Andersen identifies three ‘models’ of welfare offered by the state:⁶⁰

⁵⁸ Andersen, B., “The Quest for Ties between Rights and Duties – A Key Question for the Future of the Public Sector”, in A. Evers, H. Nowotny, and H. Wintersberger (eds.), *The Changing Face of Welfare*, (Aldershot: Gower, 1987), pp. 174-182.

⁵⁹ Pierson, P., *Dismantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment*, (Cambridge: Cambridge University Press, 1994), pp. 166.

⁶⁰ Esping-Andersen, G., *The Three Worlds of Welfare Capitalism*, (Princeton: Princeton University Press, 1990), pp. 21-26.

1. **Means-test:** In the means-test model, as its name implies, recipients are subject to a *needs-based* test to check their eligibility to receive welfare. Such a system usually offers minimum assistance to limit dependence on welfare benefits. Nineteenth century Poor Laws represent a typical example of this type of welfare. Designers of early social policies were concerned about the impact of welfare provision by the state on economic growth. They reasoned that if workers were granted benefits above the prevalent wage level, they would opt to leave employment. They, therefore, proposed that benefits should be kept at a minimum level. Hence, this system makes beneficiaries more dependent on the market, as it compels them to engage in market activities. The financing of this system comes from public revenues. This system has always been criticised for the stigma associated with the needs test, which makes some people who are eligible to receive benefits abstain from resorting to the system.

2. **Social insurance:** This model, exemplified in the German welfare state, refers to welfare provision to individuals based on their *contribution to a compulsory insurance scheme*, which has recently become earnings-related. Welfare provision in this case is tied to employment, as only those employed, and who contribute to the scheme, are entitled to welfare. This type of welfare model, Esping-Andersen argues, offers 'alternatives to market dependence', in the sense that individuals are not made vulnerable if they are out of employment. However, as it is conditioned by previous contribution to an insurance scheme, it is exclusive because it does not offer

assistance to other disadvantaged groups, such as children and the disabled, who have never joined the labour force.

3. **Citizenship:** The third welfare model is *right-based*. Welfare is provided as a right to all citizens regardless of their ability to pay. This model stresses the right to freedom of individuals not only of want, but also of choice to join or leave labour market whenever they want. This system aims at enhancing solidarity in society, as all citizens receive the same benefits regardless of their class. This model offers the highest level of independence for recipients from the market. Finance of this welfare system is based upon taxation, which entrenches the concept of citizenship rights.

Depending on the chosen model of welfare provision, states use one or a mixture of two approaches, universal and selective.

Universal vs. Selective Welfare Schemes

There are two approaches to welfare provision, *residual* and *institutional*. In the residual approach, welfare is provided *selectively* only if other 'natural mechanisms' for supporting individuals, mainly family and voluntary organisations, fail. The state intervenes only to provide a minimum level of welfare below which people should not be allowed to fall. This approach stresses individualism, since the individual provides for himself either through the market or relatives. The state does not intervene to correct for the failures created by the market. In this sense, state intervention can be characterised as residual.

According to this approach, welfare provision is not perceived as a right, but rather as a satisfaction of a need, which should be provided selectively, usually after a means test has been applied, to those who are in need to keep them just above the level of subsistence.⁶¹ Many states have adopted this system on the pretext of avoiding an abuse of the system, by those who do not need it. The welfare system is available only to the needy, and, hence, it does not necessarily guarantee a more egalitarian society. On the contrary, it tends to perpetuate inequality. This system is also motivated by a concern about the inability or unwillingness of the state to sustain welfare provision, as it will act as a drain on the resources of the state. The residual approach is believed, especially by economic liberals, to be superior to the institutional approach.⁶²

The institutional approach conceives of welfare as a right that should be provided by the state *universally* to all its citizens in order to improve their well-being. Unlike the residual approach, it asserts that welfare should not only be targeted at the needy. All citizens are eligible to receive welfare unconditionally. Under this approach, services are provided 'outside the market' universally to all citizens regardless of their need.⁶³ States that have adopted this approach recognise market failures, accordingly, the essentiality of welfare provision in a capitalist society.

⁶¹ Jamrozik, A., "Universality and Selectivity: Social Welfare in a Market", in A. Graycar (ed.), *Retreat from the Welfare State: Australian Policy in the 1980s*, (Sydney: Allen & Unwin, 1983), pp. 172-173.

⁶² Olsson, S., "Sweden", in J. Dixon and R. Scheurell (eds.), *Social Welfare in Developed Market Countries*, (London: Routledge, 1989), pp. 265.

⁶³ Titmuss, R., "Welfare State and Welfare Society", in N. Timms, and D. Watson (eds.), *Talking about Welfare: Readings in Philosophy and Social Policy*, (London: Routledge & Kegan, 1976), pp. 150-151.

Protagonists of this approach argue that this system is egalitarian and avoids the stigmatisation involved in selectivity and means-test methods.

The principal difference between the selective and universal policies of welfare provision is in the criteria for receiving the benefits. With selective policies the individual has to fulfil certain criteria related particularly to the circumstances of this individual, such as falling below a minimum level of income. The criterion for universal policies, on the other hand, is the individual's membership of a broad group, such as being a child to be eligible for child benefit or free education.⁶⁴

In assessing whether to employ universal or selective policies, the state has to consider the merits of each system. Although the universal system is more costly for the state, it does not involve the negative attitudes and stigma associated with the selective system. Such negative attitudes may prevent people from claiming the benefits to which they are entitled in order to avoid being associated with these negative qualities.⁶⁵ Additionally, there is a risk of excluding individuals, who are in need of these benefits but they do not satisfy the criteria for receiving welfare.⁶⁶

Moreover, if the poor become *selectively* the only target group entitled to certain benefits, then the state is unlikely to be able to preserve the quality of these benefits or even protect them from erosion. This is because the poor lack political power and

⁶⁴ Parker, J., *Social Policy and Citizenship*, (London: Macmillan, 1975), pp. 149-152.

⁶⁵ Titmuss, R., *Essays on 'The Welfare State'*, (London: Allen & Unwin, 1963), pp. 227-229.

⁶⁶ Castles cited in Bryson, L., *Welfare and the State: Who Benefits*, (London: Macmillan, 1992), pp. 63, 130.

influence to ensure that their demands are heard.⁶⁷ Furthermore, the elite will not be willing to contribute to government revenues, through taxation, in order to finance expenditure on these benefits unless they themselves are benefiting from them.⁶⁸

Universal schemes tend to gain more political support than selective schemes because the former tend to benefit influential groups who can exert pressure on policy makers. Selective schemes by definition target more vulnerable groups who tend to be less influential. This explains why, in the long run, the real value of a selective subsidy may be subject to decline.⁶⁹

Universal schemes have, therefore, been more popular than selective ones in LDCs that base their social contract upon welfare provision. Benefits have been extended to the whole population as rights of citizens enshrined in the constitution. Over time, these states became burdened by the rising costs of welfare; and many of them tried to retreat from this area. However, these attempts have been met with popular resistance, as the population saw these benefits as their rights and the basis of their social contract with the state for which they gave up their right to participation.

⁶⁷ Ferrera, M., "The Four 'Social Europes': Between Universalism and Selectivity", in M. Rhodes, and Y. Mény (eds.), *The Future of European Welfare: A New Social Contract?*, (London: Macmillan Press, 1998), pp. 88.

⁶⁸ Castles cited in Bryson, L., *Welfare and the State: Who Benefits*, (London: Macmillan, 1992), pp. 63; and 130.

⁶⁹ Stewart, F., *Adjustment and Poverty: Options and Choices*, (London: Routledge, 1995), pp. 96.

The Welfare State and the Social Contract

From the above presentation of the origins and models of the welfare state, we can conclude that there are two explanations to the rise of the welfare state. The first explanation is that the welfare state is the outcome of social action to improve the conditions of the 'disadvantaged'. This action emanated from two sources, the struggle of workers for their rights, and the rise of solidarity within societies that came to realise their vulnerability in the aftermath of World War II. As citizens became cognisant of the fact that they all share the same risk in time of war, they devoted more effort to equal distribution of resources in time of peace. The welfare state has, therefore, been instituted in an attempt to overcome inequalities that result from the market system, which increased remarkably with industrialisation and the rise of capitalism in the late nineteenth century. Thus, the welfare state, which is 'redistributive' in nature, emerged as a natural development of the introduction of citizenship, and one of its main objectives was to extend the rights of workers.⁷⁰

The second view (which follows a Marxist tradition) is that the welfare state is a mechanism for generating legitimacy in a capitalist system of production. We will elaborate more on this perspective, as it is particularly relevant for the subject of this research, legitimacy.

According to Marxists, such as Gough and Offe, the welfare state is an outcome of the inherent 'contradictions' of the capitalist system and the nature of the ownership

⁷⁰ Pierson, C., *Beyond the Welfare State? The New Political Economy of Welfare*, 2nd ed., (Cambridge: Polity Press, 1998), pp. 48-52.

of the means of production.⁷¹ This explanation of the welfare state highlights how the state has manipulated welfare policies to gain legitimacy.

The state has introduced welfare policies as a means to control the proletariat and cater for the needs of the bourgeoisie.⁷² The proletariat, and other groups who are disadvantaged because of the structure of production, has been incorporated in the system through provision of welfare in the form of free education and health care. By providing welfare to workers and the poor, the state mitigates the potential evils of the capitalist system, thereby reducing the likelihood of attempts, by the disadvantaged groups, to overthrow the system. The welfare state serves the interests of the bourgeoisie, and ensures stability in order to perpetuate the capitalist system and enhance the process of capital accumulation, by supplying the system with the required healthy, skilled labour.⁷³

Gough recognises that welfare provision came about because of the struggle of workers against capitalists, and that it is not intentional on part of the capitalists. Capitalists had to give in to the demands of the workers; an interventionist state has proved crucial for sustaining the capitalist system.⁷⁴

⁷¹ See Gough, I., *The Political Economy of the Welfare State*, (London: Macmillan, 1979); and Offe, C., *Contradictions of the Welfare State*, (London: Hutchinson, 1984).

⁷² Yates, I., and A. Graycar, "Non-government Welfare: Issues and Perspectives", in A. Graycar (ed.), *Retreat from the Welfare State: Australian Policy in the 1980s*, (Sydney: Allen & Unwin, 1983), pp. 167.

⁷³ Gough, I., *The Political Economy of the Welfare State*, (London: Macmillan, 1979), pp. 51-54.

⁷⁴ Gough, I., *The Political Economy of the Welfare State*, (London: Macmillan, 1979), pp. 64-66.

Marxists aver that the welfare state has been used as a means of 'political-ideological control'. They point out to the disparity between citizenship rights, upon which the claim of beneficiaries to receive welfare services is based, and workers rights, which are dictated by their relationship to the means of production. Thus, the state helps create a false consciousness amongst the proletariat.⁷⁵ Recipients of welfare are made to believe, by the ruling elite, that they are *entitled* to welfare by virtue of their citizenship. Meanwhile, the system perpetuates their misery by favouring the bourgeoisie.

This analysis of the welfare state, especially its function as a means of generating legitimacy, has been supported by Offe. Offe has argued that the capitalist system is based on market relations that work against the interests of some groups in society, and, therefore, result in a conflict of interests. He opines that the state has attempted to get around this antagonism, and pacify the disadvantaged groups through welfare provision. By intervening, the state manages to keep social peace through two mechanisms. It provides for individuals who do not benefit from the market exchange system; and co-opts some potentially active groups who may otherwise be threatening to the system, such as labour unions.⁷⁶

Thus, social policy can be utilised as a tool to formulate a 'social contract'⁷⁷ between capital, labour, and the state. By extending goods and services to its

⁷⁵ Offe, C., *Contradictions of the Welfare State*, (London: Hutchinson, 1984), pp. 154-157.

⁷⁶ Offe, C., *Contradictions of the Welfare State*, (London: Hutchinson, 1984), pp. 147.

⁷⁷ The notion of the social contract is used here as it has been defined in the previous chapter, an exchange agreement between rulers and the governed where both parties are bound by the rights and

population, and/or incorporating them into the system, the state secures the support of its population and helps produce the conditions conducive to promoting capital accumulation and growth.⁷⁸

The Western Welfare State and the Social Contract

Political thinkers have used the notion of the social contract to describe the relationship between the state and society. The social contract bestows legitimacy on the state so long it promotes *moral* objectives and ends.⁷⁹ The contractual relationship means that both parties are bound by the rights and obligations dictated by the contract. These rights and obligations are conditional, as each party's rights depend upon his/her fulfilment of his/her obligations.⁸⁰

This applies to the welfare state in Western societies. The state, in Western societies, has assumed welfare provision functions in order to maintain social cohesion within society. Through welfare provision, the state has achieved a balance between the conflicting interests of capital and labour. Thus, citizens have engaged into a 'contractual relationship' with the state, whereby they give up some of their liberties in order to promote their own interests in the form of welfare. As a

obligations dictated by the contract. These rights and obligations are conditioned by each party's fulfilment of his/her obligations.

⁷⁸ Gough, I., *The Political Economy of the Welfare State*, (London: Macmillan, 1979), pp. 149-151.

⁷⁹ Steinberg, J., *Locke, Rousseau, and the Idea of Consent: An Inquiry into the Liberal-democratic Theory of Political Obligation*, (Westport, Connecticut: Greenwood Press, 1978), pp. 72-73.

⁸⁰ Lessnoff, M., "Introduction: Social Contract", *Social Contract Theory*, (Oxford: Basil Blackwell, 1990), pp. 3-4.

consequence, it has been noted by some social policy theorists, such as Rhodes and Mény, that the state in Western societies is experiencing a legitimacy crisis, due to its retreat from welfare provision. Moving away from welfare provision is threatening the basis of solidarity and social cohesion within society. As the state is withdrawing from its welfare obligations, beneficiaries of the welfare state are threatened by the exclusionary policies of retrenchment. They feel that the social contract is not binding; they have, therefore, tried to defend their rights and resist the diminution of the welfare state. This has led these social policy analysts to argue for the need to redefine the social contract in Western societies.⁸¹

The LDC Welfare State and the Social Contract

This stands in sharp contrast to LDC regimes that have adopted welfare models to generate legitimacy for their rule without allowing the public genuine political rights to influence policy formulation. In these LDCs, the public have been granted welfare products in return for giving up their liberties and right to political participation. Although such an exchange does not promote a *moral* end, it can still be described as a social contract because it is based upon an agreement that entitles the population rights (welfare) in return for obligations (no participation). In addition, it acts as a source of legitimacy. As long as the regime fulfils its obligation, to provide welfare products to the public, the latter owes it allegiance.

⁸¹ Rhodes, M., and Y. Mény (eds.), "Introduction: Europe's Social Contract under Stress", *The Future of European Welfare: A New Social Contract?*, (London: Macmillan Press, 1998), pp. 8.

Kant, however, repudiates this type of state, which he identifies as a 'paternal state', whose primary objective is to enhance the welfare of individuals even at the expense of their right to freedom. He describes such a state as *despotic* because 'it treats its citizens as children'.⁸² To Kant, the priority of the state should be to protect and promote the right of citizens to freedom rather than seek to advance their welfare to the detriment of their freedom.⁸³

Another problem with this type of contract is that it is not durable for two reasons. First, although LDC regimes usually market welfare policies to the populace as rights based upon citizenship, in reality they are not. This is because in most LDCs, populations remain subjects rather than citizens with civil rights, especially in the absence of political rights, for which the regime has exchanged welfare policies. Second, it is highly constrained by the availability of funds that are scarce in LDCs, which are overburdened by debt.

The crisis of legitimacy due to the failure of the social contract based upon welfare provision is more acute in LDC states than in Western states. This is because in Western states the post-war social contract reinforced 'an "ideology of social partnership", in which policy emerges from the cooperative and consensus-oriented routines of repeated interactions of labour and business'. In other words, the

⁸² Kant, I., *The Metaphysical Elements of Justice: Part I of the Metaphysics of Morals*, translated with an introduction by J. Ladd, (Indianapolis: The Bobbs-Merrill Company, 1965), pp. 82.

⁸³ Medina, V., *Social Contract Theories: Political Obligation or Anarchy?*, (Savage: Rowman & Littlefield, 1990), pp. 80.

political system cultivates 'norms of reciprocity, trust, and a sense of duty to other social partners and the common interest'.⁸⁴

These norms and values are produced through the democratic institutions that allow citizens to influence the decision-making process. Thus, even if the welfare state were to diminish, citizens will still owe their allegiance to the political system because the democratic system ensures that the interests of all citizens, even those of the weakest groups in society, are taken into consideration.⁸⁵ Legitimacy of the state is grounded in rationality and is created and maintained through the institutions of the state. In LDCs, on the other hand, in the absence of economic gains and channels for genuine political participation, to represent and promote its interests, the public has no interest in supporting the political system.

In seeking to acquire legitimacy through providing welfare to different sections of the population, the state uses different kinds of welfare.

Kinds of Welfare

Titmuss identified three kinds of welfare:⁸⁶

⁸⁴ Swank, D., "Political Institutions and Welfare State Restructuring: The Impact of Institutions on Social Policy Changed in Developed Democracies", in P. Pierson (ed.), *The New Politics of the Welfare State*, (Oxford: Oxford University Press, 2001), pp. 208-209.

⁸⁵ Swank, D., "Political Institutions and Welfare State Restructuring: The Impact of Institutions on Social Policy Changed in Developed Democracies", in P. Pierson (ed.), *The New Politics of the Welfare State*, (Oxford: Oxford University Press, 2001), pp. 209-210.

⁸⁶ Titmuss, R., *Essays on 'The Welfare State'*, (London: Allen & Unwin, 1963), pp. 42.

- **Social welfare:** Social welfare involves the traditional welfare targeted by the state at selective groups, such as income transfers for the poor, or universally provided to all citizens, such as subsidised health care or education. This kind of welfare can either be provided in tangible or intangible forms. The state can extend *tangible* welfare to citizens via two means:⁸⁷

1. *Cash:* through cash transfers made directly by the state to specific target groups, such as unemployment benefit, and housing benefit.

2. *In-kind:* by producing goods and services, such as subsidised foodstuff, and public health care, and then delivering them to citizens.

On the other hand, *intangible* forms of welfare comprise increased access to employment opportunities, decision-making process, and political power.

- **Fiscal welfare:** Fiscal welfare represents income transfers made by the government in the form of tax concessions and allowances. These income transfers are considered a kind of welfare because they offer benefits to recipients in the form of tax relief, and they represent lost revenues for the state. They serve to raise the level of disposable income of those granted the tax concessions; and, hence, they act as direct flows paid by the government. However, for reasons of 'accounting convenience', they are hardly recognised as a welfare expenditure, like other forms of social welfare. Fiscal welfare in theory should serve the poor, as those who earn income below certain levels are exempted from income taxes; however, this is not necessarily the case. For example, individuals who earn an income above the exempted level, though they

⁸⁷ Barr, N., *The Economics of the Welfare State*, (Oxford: Oxford University Press, 1998), pp. 6-7.

may still be poor, as they support a large number of dependencies, do not benefit from this kind of welfare.⁸⁸

- **Occupational welfare:** Occupational welfare comprises benefits that employees receive over and above their salaries. These benefits are also known as employee benefits, fringe benefits, or remuneration packages. Occupational welfare is different from social welfare in two aspects. First, it is confined to individuals in the workforce. By confining it to individuals in the workforce, the system perpetuates inequalities, as the unemployed (who are usually more disadvantaged) are excluded. Also empirical studies have shown that employees further up the professional ladder tend to receive more of these benefits. This means that women are at a disadvantage when it comes to occupational welfare because they tend to be either unemployed or occupy low-end jobs. Second, unlike social welfare, though implemented selectively, this form of welfare is not stigmatising. On the contrary, it is perceived as prestigious, as it reflects 'occupational power'. This is reinforced by the fact that it is positively correlated with higher professions, and higher levels of income.⁸⁹

In LDCs, states have used a combination of the three kinds of welfare to secure the support of all groups in society. In-kind social welfare, in the form of free education and public health care, has usually been provided universally as a right of citizens. Fiscal welfare has been more targeted at capitalists, in the form of tax exemptions

⁸⁸ Titmuss, R., *Essays on 'The Welfare State'*, (London: Allen & Unwin, 1963), pp. 44.-46

⁸⁹ Jamrozik, A., "Universality and Selectivity: Social Welfare in a Market", in A. Graycar (ed.), *Retreat from the Welfare State: Australian Policy in the 1980s*, (Sydney: Allen & Unwin, 1983), pp. 184.

granted to the private sector in order to co-opt this important interest group into the system to secure their support. This has been facilitated by the permeability between the public and private sectors. Occupational welfare, in the public sector and civil service, has been provided to employees, who have usually been the produce of the free education (social welfare system).

Thus, the social contract based on welfare has benefited many groups in LDC societies differently. The part of the contract related to capitalists has been more enduring because they control the resources of society. Other less influential groups in society, such as low-income groups, have had to fight to protect their rights whenever the state has tried to reduce its welfare provision due to financial constraints.

Conclusion

The state regulates relations between different interest groups in society and itself, as well as among these different groups. In the process, it seeks to preserve its autonomy and enhance its legitimacy. Legitimacy is secured through a social contract with society. Many LDC regimes have rested the social contract between the state and society upon welfare provision. In other words, they have promoted their states as welfare states.

LDC states have 'copied' their welfare policies from Western models,⁹⁰ where the welfare state emerged after industrialisation partly because of the struggle of workers for their rights and then developed remarkably after World War II. The welfare state in LDCs, though, differs fundamentally from its counterpart in the West, as it not grounded in the same ideas about welfare and society. In general, the Western welfare state has three tenets: seeking full employment as an objective of the state; universality of provision of social services as rights to which citizens are entitled; and maintaining a minimum national standard of living to protect society against poverty, illness, and squalor.⁹¹

Many LDC states can be described as welfare states based on the definition of the welfare state adopted in this research, which identifies a welfare state as a state that offers 'benefits' in cash or kind, such as social security, health, education, and housing, *selectively* to specific individuals or *universally* not in exchange for contribution to the national output. However, the welfare state in LDCs differs from Western welfare state. The latter has its roots in a social contract among members of society, who have a responsibility towards each other in times of conflict as well as in times of peace,⁹² whereas the welfare state in most LDCs stems from a social contract between the regime and its *subjects* based upon exchange of political rights for economic gains.

⁹⁰ Midgley, J., "Theoretical Implications of Third World Social Policy Research", in S. MacPherson, and J. Midgley (eds.), *Comparative Social Policy and the Third World*, (Sussex: Wheatsheaf, 1987), pp. 121.

⁹¹ Mishra, R., *The Welfare State in Capitalist Society: Policies of Retrenchment and Maintenance in Europe, North America and Australia*, (New York: Harvester Wheatsheaf, 1990), pp. 117.

⁹² Rhodes, M., and Y. Mény (eds.), "Introduction: Europe's Social Contract under Stress", *The Future of European Welfare: A New Social Contract?*, (London: Macmillan Press, 1998), pp. 3-4.

Regimes in LDCs have manipulated welfare policies to maintain their legitimacy. They have employed different forms of welfare to court different interest groups in society.⁹³ The state has co-opted the private sector through fiscal welfare policies in the form of tax exemptions, thereby promoting capital accumulation and economic growth.⁹⁴ Disadvantaged groups, on the other hand, have been granted in-kind subsidies in the form of free education and public health care as rights based on their citizenship, and guaranteed employment in civil service and the public sector. Civil servants and public sector employees have been recipients of occupational welfare. Welfare provision to the disadvantaged groups has also served the interests of the private sector indirectly, by producing 'healthy skilled' labour to meet the demands of labour markets in the private sector. Furthermore, it has generated stability as long as resources to finance the welfare state were available.⁹⁵

Thus, welfare states in LDCs have delivered goods and services to maintain the loyalty of their political base. However, these states have not been able to keep their pledges of prosperity due to the exhaustion of their modest resources, a considerable proportion of which has been dedicated to welfare provision thereby compromising economic growth and welfare provision in the long run. Therefore, welfare provision has been under continuous threat due to the risk of fiscal crises. This has constituted a problem for states that have relied on welfare as the

⁹³ Midgley, J., "Theoretical Implications of Third World Social Policy Research", in S. MacPherson, and J. Midgley (eds.), *Comparative Social Policy and the Third World*, (Sussex: Wheatsheaf, 1987), pp. 126-127.

⁹⁴ O'Connor, J., *The Fiscal Crisis of the State*, (St. James Press, 1973), pp. 6.

⁹⁵ Gough, I., *The Political Economy of the Welfare State*, (London: Macmillan, 1979), pp. 149-151.

foundation of their social contract, and, therefore, legitimacy. They have had to search for alternative sources to base their legitimacy upon.

Dissatisfied with their states, beneficiaries of welfare systems have looked for alternative sources of welfare provision. It has been noted in this chapter that welfare provision is not confined only to the state. Other sources of welfare provision are family, voluntary organisations, and the market. Welfare in society equals the summation of welfare provided by all these sources. Hence, the retreat of one sector does not necessarily mean a diminution of total welfare in society. To the contrary, it may invite other sources, such as voluntary organisations and the market to step in to satisfy the unmet demand for welfare.

Nevertheless, it should be noted that channels of welfare provision are not perfect substitutes. This is because they have different means and ends in providing welfare. When the state provides *universal* welfare, it is an entitlement of citizens, which is not the case with other sectors, which may be more efficient and effective in welfare provision. The market sector functions according to efficiency criterion based on market forces of supply and demand. Voluntary organisations, on the other hand, provide for the needy, and encompass no obligations on the part of the provider, and 'those in need do not have any right or entitlement to assistance from private sources [therefore] must be grateful for what they may receive.'⁹⁶

⁹⁶ Mishra, R., *The Welfare State in Capitalist Society: Policies of Retrenchment and Maintenance in Europe, North America and Australia*, (New York: Harvester Wheatsheaf, 1990), pp. 108-112.

In the following chapters, we will apply the theoretical tools examined so far to Egyptian state-society relations. This will enable us to determine whether we can describe the state in Egypt as a welfare state. And if it can be classified as one, how far it has served the interests of the middle and lower income groups and managed to improve their living conditions.

Chapter Three

The State and Society in Egypt

Introduction

The purpose of this study is to examine the social contract in LDC states and its durability, using the Egyptian experience as a case study. In chapter one, we defined the social contract as an exchange agreement between the state/ruler and the governed defining the rights and obligations of each party. The rights of one party depend on his/her fulfilment of his/her obligations. Thus, the legitimacy of the authority of the ruler is dependent upon his/her fulfilment of his/her obligations, as defined by the social contract.

As we have laid the theoretical foundation of research, we will apply it to the Egyptian case. In this chapter, we will examine the evolution of the state in Egypt since the revolution of 1952, and investigate state-society relations and the sources of its leaders' legitimacy. This will enable us to comprehend the different formulae of the social contract presented by Egyptian leaders to their populations, since 1952, in order to legitimise their rule.

In their quest for legitimacy, Egyptian leaders, since 1952, have tried to forge a social contract with their populations. They have committed themselves to achieve declared, domestic and international, objectives in return for the support of their populations. However, as they have failed to fulfil their promises, they have had to continuously modify the terms of the social contract. We will analyse the versions of the social contract pursued by Egyptian leaders since 1952 and evaluate their durability as a source of legitimacy for the regime.

In this chapter, the author will outline state-society relations by examining the relevance of the social contract, under Nasir, Sadat, and Mubarak, to three main constituencies in society, namely, the ruling elite, middle and lower income groups, and civil society. We will investigate how each of these groups has been influenced by the social contract formulae presented by the three leaders.

The ruling elite in Egypt, since 1952, have been held hostage to regime dispositions. They do not act autonomously from the regime; they have been dependent on the state for patronage and making profits. The regime's social contract formula has, therefore, influenced the composition of the ruling elite, as well as their political and economic power.

Middle and lower income groups have been courted by the three regimes, which have purported to guard their interests. The term 'middle and lower income groups' has been chosen by the author because it is comprehensive, as it includes professionals, workers, peasants, and civil servants; and it does not carry the implications of conflict, embedded in class terminology. These groups are

particularly important to this study because they are the ones to whom welfare policies have been addressed, in order to gain their support. Thus, they are crucial for the assessment of the Egyptian welfare state, which has constituted an essential component of the social contract in Egypt since 1952, as will be discussed in the following chapter.

In assessing the social contract, we have to examine civil society because civil society, as defined in chapter one, is the mediator between the state and the individual. It promotes particular and universal demands. Thus, when the regime does not meet its obligations, according to the social contract, a powerful civil society can act as a pressure on the regime/state to abide by the contract or alter the formula of the contract.

To appreciate the concept of legitimacy within the Egyptian context, we need to revisit the pre-revolutionary era in order to understand how the 'modern' Egyptian state has evolved. Firstly, we will consider monarchical Egypt, prior to the 1952 revolution, in order to ascertain why the revolution took place as a way of comprehending the contemporary presidential and state legitimacy. After that, we will be ready to look at the political system in Egypt and be in a position to discuss the social contract formulae that have governed state-society relations since 1952.

Monarchical Egypt

In spite of having a long tradition of statehood, Egypt had suffered domination by the Persians, Greeks, Romans, Arabs, Fatimids, Ayyubids, Mamluks, and Ottomans for almost two thousand years. Egyptians had long lost their independence and their right to choose their own leader until Muhammad 'Ali came to power, with the support of the Egyptian population in spite of his foreign origin. He was declared sultan of Egypt by Istanbul in 1805.¹

'Ali is considered by Dodwell to be the 'founder of modern Egypt',² as he aimed to modernise the country and create a strong state to fulfil his ambitions. His efforts were brought to an end with his humiliating defeat, in 1840, by the Anglo-Turkish forces, whose interests were threatened by his expansionary ambitions. As a result of his defeat, Muhammad 'Ali's military power was curtailed and his modernisation project came to a halt. The Ottoman sultan, however, granted him and his descendents the right of hereditary rule of Egypt.³ Muhammad 'Ali was followed by weak rulers who did not share his will or ambitions. Egyptians challenged the authority of his successors on basis of their foreign origin and lack of interest in the welfare of the population. A turning point in the history of modern Egypt was in 1881, when Colonel Ahmad 'Urābī led the revolt against Khediev Tawfiq. The result

¹ Woodward, P., *Nasser*, (London: Longman, 1992), pp. 1-5.

² Dodwell, H., *The Founder of Modern Egypt: A Study of Muhammad 'Ali*, (Cambridge: Cambridge University Press, 1931).

³ Al-Sayyid Marsot, A., *Egypt in the Reign of Muhammad Ali*, (Cambridge: Cambridge University Press, 1984), pp. 245-247.

of this confrontation was the subjugation of Egypt to British occupation in 1882, which lasted until 1956.⁴

During the period of British occupation, Egyptians continuously struggled for their national independence. In 1918, Sa'd Zaghlūl, a nationalist who led the Egyptian struggle for independence, requested the British High Commissioner to send a delegation (*wafd*) to the Paris Peace Conference; this conference was based on the right to self-determination. When told he had no 'official capacity' to represent Egyptians, Zaghlūl started collecting petitions from Egyptians to support him and other leaders to participate in the conference. Nevertheless, his request was declined; and instead he was sent to exile in Malta. This ignited a spark of rebellion in 1919, and Egyptians from all social strata united in their demonstration demanding the release of Zaghlūl, whereupon he was released and allowed to attend the Paris Conference, though not as a negotiator.⁵

The 1919 revolution culminated in the grant of nominal independence and the end of the protectorate on 28 February 1922. Subsequently, the second constitution was announced in 1923;⁶ the new constitution allowed the formation of political parties. The British administration thought that this would serve its interests by distracting

⁴ Vatikiotis, P., *The History of Egypt: From Muhammad Ali to Mubarak*, 3rd ed., (London: Weidenfeld & Nicolson, 1985), pp. 141-153.

⁵ Vatikiotis, P., *The History of Egypt: From Muhammad Ali to Mubarak*, 3rd ed., (London: Weidenfeld & Nicolson, 1985), pp. 260-266.

⁶ The first constitution was declared in 1882, but was eventually cancelled by the British. See *The Constitution of the Arab Republic of Egypt*, (Cairo: The General Organisation for Official Publications, 1998), pp. ix-x.

the attention of Egyptian politicians over the struggle for power. The Wafd Party, under the leadership of its founder Zaghlūl, became the leading party in Egypt after winning the parliamentary elections.⁷ However, the constitution did not last long, as it was abrogated in 1930 by King Fuad, who ruled Egypt at that time.⁸ Again this aroused the anger of the population, and the King had to submit to its will after its rebellion in 1935. Political life in Egypt was then confined to strife among the Wafd and other political parties,⁹ and the quest for independence. Eventually, negotiations between Egyptian political parties and the British led to the 1936 Anglo-Egyptian Treaty of Alliance and Friendship, which tied the future of Egypt to Britain by continuing British military domination over Egypt.¹⁰

At the regional level, 1948 was a significant year in the modern history of the Arab world. In that year, the state of Israel – which was to remain a thorn in the side of the Arab world – was created. The Palestine War took place and the Arabs were defeated due to their fragmentation and lack of co-ordination.¹¹ Since 1948, Palestine has played a crucial role in foreign as well as domestic politics of Arab

⁷ Woodward, P., *Nasser*, (London: Longman, 1992), pp. 8-9.

⁸ Vatikiotis, P., *The History of Egypt: From Muhammad Ali to Mubarak*, 3rd ed., (London: Weidenfeld & Nicolson, 1985), pp. 287.

⁹ These parties included, Ummah (1907), National Democratic (1907), Reform of Constitutional Principles (1907), Constitutionalist Liberals (1922), Constitutionalist Brothers (1922), Sa'dist Organisation (1937). See Mustafā, H., *al-Ahzāb* [The Parties], (Cairo: Al-Ahram Centre for Strategic Studies, 2000), pp. 100-103.

¹⁰ Botman, S., *Egypt from Independence to Revolution, 1919-1952*, (New York: Syracuse University Press, 1991), pp. 39-41.

¹¹ Stephens, R., *Nasser: A Political Biography*, (Harmondsworth: Penguin, 1971), pp. 81-82.

states not only due to its Arab identity, but also because of its Islamic significance and symbolic value in the struggle against colonialism and Zionism, which is considered an extension of imperialism in the region.

Thus, the scene was ripe for a revolution: the weakening of the British Empire after the end of World War II, frustration with the corrupt foreign dynasty that supported the occupation, and the defeat in the Palestine War, which Egyptians believed was caused by their disinterested weak rulers.¹² The revolution¹³ was carried out by the Free Officers under the leadership of Gamal 'Abd al-Nasir.¹⁴

Now that we have painted the pre-1952 scene, we will move on to investigate the strength, autonomy and legitimacy of the state and successive Egyptian regimes since the revolution. To be able to examine these issues, we need to describe the

¹² Williamson, B., *Education and Social Change in Egypt and Turkey: A Study in Historical Sociology*, (Basingstoke: Macmillan, 1987), pp. 114-115.

¹³ At first the revolution was known as the movement of the Free Officers. However, as soon as the Officers started issuing their own laws in the name of the people without the need for the parliament, on the pretext that they carried out a revolution on behalf of the people, its name was changed to revolution. However, the 1952 revolution cannot be called a revolution in the proper sense of the word because it was not carried out by civilians, like the French or Russian revolutions, but rather by military officers which qualifies it to be a *military coup*. See al-Hakīm, T., *'Awdat al-wa'yī* [The Return of Consciousness], (Cairo: Dār al-Shurūq, 1974), pp. 20-21. Woodward argues that it was a coup d'état as it was not thought through as a revolution with objectives and a plan to carry out these objectives but considering the outcome of the act and its impact on the social structure, it can certainly be described as 'more than a coup but less than a revolution'. See Woodward, P., *Nasser*, (London: Longman, 1992), pp. 148.

¹⁴ The Free Officers was a movement formed by Nasir in 1949. It comprised officers in the army who had a common goal, namely to rid Egypt of colonial rule and the monarchy. The movement had its origins in the 1948 Palestine War. During the War, these officers came to realise that the cause behind their occupation and defeat lay in Egypt. Thus, they had to fight first in their homeland before expanding their struggle to Palestine. Members of the movement included: Gamal 'Abd al-Nasir, 'Abd al-Hakīm 'Āmir, Anwar al-Sadāt, Salāh Sālim, Hasan Ibrāhīm, Khālīd Muhyī al-Dīn, and 'Abd al-Latīf al-Bughdādī. See Dekmejian, R., *Egypt under Nasir: A Study in Political Dynamics*, (London: University of London Press, 1972), pp. 20-21.

political system in Egypt in order to comprehend the relationship between the state, the President, and society.

The Political System

The political system in Egypt is based on a multiparty system.¹⁵ Public political participation is supposed to be achieved through political parties on all levels and in all domains within lawful and constitutional bounds. Freedom of the press is stipulated by the Constitution.¹⁶ The three pillars of the political system are the legislative (People's Assembly), the executive, and the judicial authorities. For the purpose of this research, which is examining state-society relations, we are concerned with the first two elements of the political system. This is because the President resides at the head of the political system in Egypt; he is the ultimate authority in the executive.¹⁷ And the People's Assembly, in theory, represents the will of the people.

¹⁵ <http://www.uk.sis.gov.eg/parl/parbook/html/pg9fm.htm>

¹⁶ *The Constitution of the Arab Republic of Egypt*, Articles 206-211, (Cairo: The General Organisation for Official Publications, 1998), pp. 42-43.

¹⁷ Kassem, M., *In the Guise of Democracy: Governance in Contemporary Egypt*, (Reading: Ithaca Press, 1999), pp. 31.

The President

In Egypt the political system is highly dominated by the executive, headed by the President.¹⁸ The President is nominated, according to the 1971 Constitution, by the People's Assembly with a two-third majority. The appointment is confirmed through a popular referendum.¹⁹ According to the 1971 Constitution, the President is elected for one term of six years to be renewed for one time. This was modified by Article 77 in the amendments of 22 May 1980, which states that the term of presidency is six years, starting from the date of the declaration of the plebiscite, and it is legal for a president to be re-elected for other terms.²⁰

The executive is dominated by the President, as he nominates the prime-minister and the Cabinet. Furthermore, the Cabinet is accountable to the President and not to the People's Assembly.²¹ Thus, the President is the ultimate decision-maker in the state and is responsible for laying down the policies of the state along with the Council of

¹⁸ *The Constitution of the Arab Republic of Egypt*, Article 137, (Cairo: The General Organisation for Official Publications, 1998), pp. 26.

¹⁹ Ayalon, A., "Egypt (Jumhuriyyat Misr al-'Arabiyya)", *Middle East Contemporary Survey*, vol. XI, 1987, (Boulder: Westview Press, 1987), pp. 330.

²⁰ *The Constitution of the Arab Republic of Egypt*, Article 77, (Cairo: The General Organisation for Official Publications, 1998), pp. 14.

²¹ Al-Sayyid Marsot, A., *A Short History of Modern Egypt*, (Cambridge: Cambridge University Press, 1994), pp. 145.

Ministers.²² Moreover, according to the Constitution, the President is the Chief of the Armed Forces and the Head of the Supreme Council for Judiciary Affairs.²³

In addition, because of his constitutional powers, the President can pass legislation when the parliament is not in session by issuing presidential decrees that are later approved by the parliament. The President also has the right to make decisions that have the force of law, when necessary, in exceptional cases, and upon authorisation by the People's Assembly. The law is then presented to the Assembly, when in session, for approval based upon a referendum. In theory, the Assembly can block the law if it is not approved.

The President can also bypass the parliament, in case of a conflict between himself and the parliament, by referring directly to the public through a plebiscite. Enjoying these powers, the President is not accountable to the parliament or the public.²⁴ Furthermore, the President has the authority to dissolve the People's Assembly, only if necessary, and after a public referendum. The President of the Republic issues a decree to terminate the sessions of the Assembly and conduct a referendum within thirty days. If the majority of voters approve the dissolution of the Assembly, the President decrees its dissolution, and candidates run for parliamentary elections.²⁵

²² *The Constitution of the Arab Republic of Egypt*, Article 138, (Cairo: The General Organisation for Official Publications, 1998), pp. 26.

²³ *The Constitution of the Arab Republic of Egypt*, Articles 150, and 173, (Cairo: The General Organisation for Official Publications, 1998), pp. 28, 34.

²⁴ Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 78-79.

²⁵ <http://www.uk.sis.gov.eg/parl/parbook/html/pg9fm.htm>

Thus, the Constitution has afforded the President considerable power vis-à-vis other institutions of the state and society. And, 'the President, whoever he is and whatever his personal preferences happen to be, is inclined to use them in defence of both himself and the interests with which he is associated.'²⁶

The People's Assembly

Parliamentary life started in Egypt on 19 November 1866.²⁷ The parliament had acted more like a consultative body than a legislative organ since its inception and until 1913, when the Legislative Society (*al-gam'īyah al-tashrī'īyah*) was established.²⁸ Throughout the period 1957-76, the institution was inactive in legislation due to the dominance of the executive over the political system.²⁹

Since 1977, because of political reforms initiated by the regime in order to revive political life in Egypt, the People's Assembly has been in charge of legislation. It decrees the general policy of the state, approves the budget as well as social and development plans submitted by the government, and monitors the work of the

²⁶ Cooper, M., *The Transformation of Egypt*, (London: Croom Helm, 1982), pp. 177.

²⁷ Nāfi', I., *Rīyāh al-dīmuqrātīyah* [The Winds of Democracy], (Cairo: Dār al-Ma'ārif, 1984), pp. 9.

²⁸ Mustafā, H., *al-Ahzāb* [The Parties], (Cairo: Al-Ahram Centre for Strategic Studies, 2000), pp. 100-105.

²⁹ Waterbury, J., *The Egypt of Nasser and Sadat: The Political Economy of Two Regimes*, (Princeton: Princeton University Press, 1983), pp. 365.

government.³⁰ The Constitution stipulates that at least one half of the members must be workers and farmers.³¹ The duration of the term of the Assembly is five years starting from the date of its first meeting.³²

Candidates are elected based on an individual election system. Egypt is divided into 222 constituencies with 2 members elected for each constituency, one *fi'āt* (categories) the other '*ummāl* (workers). The *fi'āt* candidate should have a university degree or an equivalent, and the '*ummāl* candidate, who represents workers or peasants, should have less than a university degree education. This ensures that the Assembly comprises 50% workers or peasants.³³ Thus, the number of People's Assembly members amounts to 454, of whom 10 members are appointed by the President.³⁴

Dominated by the ruling party, which is headed by the President of the state, the People's Assembly does not enjoy much autonomy in legislation. Hence, it lacks credibility in the eyes of the populace that believes that the results of the elections are 'manipulated by the government'. Although the institution adheres to a

³⁰ *The Constitution of the Arab Republic of Egypt*, Article 86, (Cairo: The General Organisation for Official Publications, 1998), pp. 16.

³¹ *The Constitution of the Arab Republic of Egypt*, Article 87, (Cairo: The General Organisation for Official Publications, 1998), pp. 16.

³² *The Constitution of the Arab Republic of Egypt*, Article 92, (Cairo: The General Organisation for Official Publications, 1998), pp. 17.

³³ Kassem, M., *In the Guise of Democracy: Governance in Contemporary Egypt*, (Reading: Ithaca Press, 1999), pp.105.

³⁴ <http://www.uk.sis.gov.eg/parl/parbook/html/pg9fm.htm>

democratic framework, it lacks effective power, which is concentrated in the hands of the President. The Assembly rarely opposes any laws proposed by the executive; moreover, any proposal that is unwelcomed by the regime is dismissed. For example, Kandeel points out that, in 1990, 214 laws proposed by the government were passed, and out of 7 laws proposed by the Assembly, only 1 was promulgated. The same happened in 1991, when 451 laws proposed by the government were passed, and again 1 out of 7 laws proposed by the Assembly was ratified.³⁵

The limitation of the powers of the Assembly is manifest in the narrow scope of issues it deals with, mainly 'public utilities, housing, food, and supplies'. Foreign affairs and national security issues lie within the ambit of the President's authority. Also the supervisory role of the Assembly over the government is never fully realised, as the opposition is disorganised and its presence is limited in the Assembly, rendering it ineffective. Accordingly, there has never been a no confidence vote in the government of any minister, despite widespread inefficiency and corruption.³⁶

The People's Assembly has, thus, been a weak institution incapable of asserting the will of the people. Since the revolution, political institutions, such as the People's Assembly and Arab Socialist Union (ASU), which were supposed to represent social forces in society, have acted more as a means of incorporating political forces into the system through a network of patronage. They have served the interests of the

³⁵ Kandeel cited in Goodson, L., and S. Radwan, "Democratization in Egypt in the 1990s: Stagnant, or Merely Stalled?", *Arab Studies Quarterly*, vol. 19, no. 1, winter 1997, pp. 7-8.

³⁶ Goodson, L., and S. Radwan, "Democratization in Egypt in the 1990s: Stagnant, or Merely Stalled?", *Arab Studies Quarterly*, vol. 19, no. 1, winter 1997, pp. 8.

ruling elite, and helped the regime gain legitimacy through the endorsement of welfare policies to middle and lower income groups in return for giving up their right to genuine participation.

This exchange has formed the essence of the social contract in Egypt since the revolution. As was pointed out in chapter one, social contract theorists argue that political authority is legitimate so long the regime meets its obligations according to the social contract. Therefore, in order to assess the legitimacy of the regime, it is essential to examine the formula of the social contract within the society in question, to identify the obligations and rights of the regime/state and those of the public. Hence, we need to explore the formulae of the social contract of Egyptian regimes since 1952.

The Social Contract

The Egyptian state, after the rule of Muhammad 'Ali and prior to the revolution of 1952, can be described as weak. Socio-political life was marked by public resistance to monarchical authority and British occupation. The continuous collision between the Palace and politicians was manifest in the frequent change of the Cabinet.³⁷

The 1952 revolution brought about a radical transformation in the political and social system in Egypt. Measures of redistribution of income, introduced by the

³⁷ Al-Sayyid Marsot, A., *A Short History of Modern Egypt*, (Cambridge: Cambridge University Press, 1994), pp. 86-106.

revolutionary regime, led to a change not only in the composition of the ruling elite, but also of social and political values of society, which ultimately altered state-society relations.

Egyptian leaders, since 1952, have attempted to maintain the strength and autonomy of their regimes vis-à-vis society. Egyptian regimes, since the revolution, have tried to secure autonomy from different interest groups in society. To a large extent, they have been successful in achieving this aim. However, the degree of autonomy enjoyed by these regimes has not been the same in all areas. Usually, they have been able to act independently in the areas of high politics, mainly foreign affairs,³⁸ domestic politics, and the military; yet, in low politics issues, economic decisions, they had to take into consideration the demands and needs of the differing interests groups in society. This can be explained by the significance and relevance of economic issues to the lives of these groups. Hence, they have been more assertive in these areas.

In order to ensure their autonomy, Egyptian regimes, since 1952, have based their rule upon a *tacit* social contract that has restricted freedoms and political participation, and expanded the power of the President. The degree of restriction has been dictated by what these regimes could offer in return to their population, at the international and domestic levels. The social contract has, therefore, been modified continuously under the rule of Nasir, Sadat and Mubarak to adjust to changes in the international and domestic environment.

³⁸ Ayubi, S., *Nasser and Sadat: Decision Making and Foreign Policy (1970-1972)*, (Lanham: University Press of America, 1994), pp. 10-18.

Nasir

Nasir was the first Egyptian to rule Egypt since Pharaonic times. He was representative of the average Egyptian, with a rural background from Upper Egypt. Nasir, therefore, enjoyed the support of most of the population; yet, his legitimacy was mainly based upon his charisma and his achievements, and not on rationality. Nasir's charisma made him accessible to Egyptians, and facilitated their acceptance of his vision for the nation. 'Nasir's charisma served an important legitimizing function for the Egyptian political system by rendering compatible key traditional and revolutionary values and structures: Islam and secularism, Egyptian nationalism and Arabism, patriarchy and presidency.'³⁹

Nasir promoted himself as the leader of the Arab nation who knew how to lead his nation to national and economic independence. After centuries of foreign rule, Egyptians saw in him the redeemer of their sovereignty and independence; hence, they readily accepted his social contract formula. They gave up their right to political participation, and followed their leader in his struggle for independence and development. This struggle, which was conceived by Egyptians as a desired objective, was a cornerstone of his legitimacy. In his quest for legitimacy, therefore, Nasir operated on two levels, domestic and international.

³⁹ Hudson, M., *Arab Politics: The Search for Legitimacy*, (New Haven: Yale University Press, 1977), pp. 242.

Domestic

On the domestic level, Nasir's legitimacy was founded upon his commitment to an assertion of national independence, socio-economic reforms, and the pursuit of economic development.⁴⁰ Through his achievements in these areas, Nasir was able to gain the support of middle and lower income groups, and the rising new elite.

Nasir managed to assert the national independence of Egypt through the 1952 military coup; subsequently, the British left Egypt (in 1956) after seventy-four years of occupation. Even to those who did not necessarily agree with his other policies, this elevated him in their eyes.⁴¹

Once in power, Nasir's regime had no programme for governing the country other than the six principles of the revolution; and these were: ridding Egypt of colonialists and their collaborators, feudalism, monopoly and dominance of capitalism; establishing social justice; building a strong national army; and instituting a democratic system.⁴² To achieve these objectives, Nasir redesigned the political map of Egypt; he abolished the old institutions: the monarchy,⁴³ the parliament, and

⁴⁰ Lesch, A. M., "Democracy in Doses: Mubarak Launches His Second Term as President", *Arab Studies Quarterly*, vol. 11, no. 4, fall 1989, pp. 88.

⁴¹ Woodward, P., *Nasser*, (London: Longman, 1992), pp. 93-94.

⁴² Fāyīz, M., *Mishwārī ma' 'Abd al-Nāsir: muzākīrāt Mansūr Fāyīz, al-tabīb al-khās lil ra'īs 'Abd al-Nāsir* [My way with 'Abd al-Nasir: The Memoirs of Fāyīz Mansūr, President 'Abd al-Nasir's Private Doctor], (Cairo: Dār al-Hurīyah, 1988), pp. 17. Waterfield, G., *Egypt*, (London: Thames & Hudson, 1967), pp. 161.

⁴³ Egypt was declared a republic on 19 June 1953. See Dekmejian, R., *Egypt under Nasir: A Study in Political Dynamics*, (London: University of London Press, 1972), pp. 26.

political parties. The aim behind this move was to strip the ruling elite, mainly large landowners, of their political power, to secure the autonomy of the new regime; and to advance social justice, through income redistribution, in order to gain legitimacy with middle and lower income groups.

The balance between different interests within society was achieved by the expansion of the state and its responsibilities in the socio-economic life of the population. It provided an infrastructure, and when the private sector proved to be incapacitated, it became the main investor and a capitalist state emerged. The state carried out production and marketing activities, set pricing policies, allocated international aid to different projects, and became an employer of last resort.⁴⁴

Nasir pursued development as a goal to attain economic independence and to enhance his legitimacy. Among Nasir's major economic achievements were the construction of the High Dam project, and the launching of the first five-year plan 1959/60-1964/65. The relative success of the plan, signified in a modest economic growth rate of 5.5% per annum, along with the 'sweeping nationalisation' of 1961, raised Nasir's credit in the eyes of the public. However, these victories did not last long. The economy showed signs of deterioration with a soaring public sector payroll - due to a rise in government employment, and the growing deficit in the balance of payments.⁴⁵ As a consequence, the state could not afford to expand in its developmental plans and welfare provision.

⁴⁴ Jreisat, J., *Politics without Process: Administering Development in the Arab World*, (Boulder: Lynne Rienner, 1997), pp. 97.

⁴⁵ Woodward, P., *Nasser*, (London: Longman, 1992), pp. 93-94.

International

Nasir used foreign policy to unite national forces and acquire legitimacy. He enjoyed considerable autonomy in foreign policy making; he made decisions independent of influential interest groups and the ruling elite. Nasir's legitimacy partially stemmed from his commitment to three main themes: Arabism, anti-imperialism, and nonalignment.⁴⁶ Given the regional Arab history of foreign occupation, these objectives appealed to Egyptians. Nasir's successes in foreign policy, therefore, raised his popularity at home and made him a hero in the eyes of Egyptians. As Hudson puts it

By identifying with pan-Arabism, antiimperialism, and Third World nonalignment, the revolutionary regime in Egypt was able to fashion for itself a legitimacy formula of considerable strength. The legitimacy mechanism employed was unusual in that it did not arise exclusively from the domestic political arena. Instead, it was a "reflected legitimacy," deriving its effect from behavior in the regional and international system. By winning approval in the Arab world outside and in the broader constituency of the Third World, the new Egyptian regime became even more legitimate in the eyes of Egyptians; indeed, by all accounts it gave Egyptians a sense of dignity and some substantial psychic gratifications.⁴⁷

Nasir's strategy for achieving his objectives encompassed operating within three circles, namely: Arab, African, and Islamic. Nasir conceived that his field of operations was not limited to Egypt's territorial boundaries, but extended to other areas that shared common interests with Egypt. He recognised that Egypt and its

⁴⁶ Stephens, R., *Nasser: A Political Biography*, (Harmondsworth: Penguin, 1971), pp. 251.

⁴⁷ Hudson, M., *Arab Politics: The Search for Legitimacy*, (New Haven: Yale University Press, 1977), pp. 241-242.

Arab neighbours shared a common history as well as common political, cultural, and economic interests. He also thought that by being part of Africa and having the 'artery of life', the Nile, which springs from Africa, Egypt had a role to play in securing the independence of its neighbours. Finally, he realised that mobilising the forces and resources of the Islamic world could add to the political weight of the Islamic countries, of which Egypt was a significant member.⁴⁸

Nasir sought to make Egypt independent of super and regional powers; and with his foreign policy successes, Egypt emerged as a regional power. Nasir defied the world's major powers on several occasions. This defiance gained him legitimacy with the Egyptian public, who perceived him as the deliverer of its long lost national independence.

Nasir challenged US foreign policy in the region, particularly on two issues: the Baghdad Pact, and purchase of arms from the Soviet Union. The US proposed the Baghdad Pact, which was a 'mutual security pact' that involved forty states, including the states of the Middle East, in 1955.⁴⁹ The Baghdad Pact was developed by the West in an attempt to contain communism. Nasir recognised that Turkey, Pakistan, Iran, and possibly Israel would be part of the Pact. Although he perceived some areas of co-operation with the three former states, he thought that they would not join the Arabs in their struggle against Israel. Accordingly, Nasir attacked the

⁴⁸ Nasir, G., *Falsafat al-thawrah* [The Philosophy of the Revolution], (Cairo: al-Dār al-Qawmīyah, 1955), pp. 53-73.

⁴⁹ It was a development of the idea of Middle East Defence Organisation (MEDO) which was refused by Egypt and other Arab countries even before the revolution. See Heikal, M., *Bisrāhah li-Misr lā li-'Abd al-Nāsir* [In Honesty to Egypt not to 'Abd al-Nasir], 1976, pp. 66.

idea of the Pact, especially when Iraq invited other Arab countries to join. Saudi Arabia and Syria supported Egypt, and in the end the Pact collapsed.⁵⁰

Until 1956, the West had held a monopoly over arms sales to the Middle East, Nasir managed to break this monopoly by purchasing arms from the Soviet Union through Czechoslovakia. Nasir realised that the West, especially the US, would not provide the Arabs with arms to fight Israel, so he had to look for an alternative source of arms. The environment of the Cold War, where each superpower was trying to extend its sphere of influence and secure allies in the region, afforded him this opportunity.⁵¹

After 1956, the political environment in the region changed. The Soviet Union emerged as a major player. It provided Nasir with arms, technical assistance, and steel products. In addition, it became the major importer of Egyptian cotton.⁵² Although Nasir was reluctant to ally Egypt with the Soviet Union, because he did not wish to compromise the independence of Egypt, his options were limited. The deterioration of relations with the West with their refusal to finance the High Dam

⁵⁰ Heikal, M., *Bisrāhah li-Misr lā li-'Abd al-Nāsir* [In Honesty to Egypt not to 'Abd al-Nasir], 1976, pp. 66-69.

⁵¹ Heikal, M., *Bisrāhah li-Misr lā li-'Abd al-Nāsir* [In Honesty to Egypt not to 'Abd al-Nasir], 1976, pp. 89-90.

⁵² Zaalouk, M., *Power, Class and Foreign Capital in Egypt: The Rise of the New Bourgeoisie*, (London: Zed, 1989), pp. 31-32.

project,⁵³ on the pretext that such a giant project was beyond the capabilities of a small country like Egypt, left him no choice.

Since the project required technical and financial capabilities beyond the resources of Egypt, Nasir looked for foreign assistance. The World Bank was going to offer Egypt a loan of \$200 million, and the US pledged to provide an 'unconditional loan' of US\$56 million, and Britain US\$14 million. However, as relations strained between Egypt and the US, the latter refused to provide the required funds.⁵⁴

Nasir was able to secure technical and financial assistance for building the High Dam from the Soviet Union. Furthermore, he declared the nationalisation of the Suez Canal, on 26 July 1956.⁵⁵ The nationalisation of the Canal asserted Egypt's national independence once again. Consequently, this act provoked the two demising colonial powers: France and Britain. Although it was the US that obliged the attacking forces to leave, to the overwhelmed Egyptian population it was another victory for their great leader who challenged the world's major powers.⁵⁶

⁵³ The Dam signified a symbol of national and economic independence, as it would supply electricity, contribute to the reclamation of arable land in Egypt, and restrain the Nile floods. See Wheelock, K., *Nasser's New Egypt: A Critical Analysis*, (London: Atlantic, 1960), pp. 179-182.

⁵⁴ Aoudé, I., "From National Bourgeois Development to *Infitah*: Egypt 1952-1992", *Arab Studies Quarterly*, vol. 16, no. 1, winter 1994, pp. 4-5.

⁵⁵ The Suez Canal was an international company whose headquarters was located in Paris, and therefore, Nasir's action was regarded as 'theft'. See Hopwood, D., *Egypt: Politics and Society 1945-1990*, 3rd ed., (London: Routledge, 1993), pp. 46-49.

⁵⁶ For an account of the escalation of the Suez crisis see Stephens, R., *Nasser: A Political Biography*, (Harmondsworth: Penguin, 1971), pp. 183-247.

After 1956, Nasir followed a foreign policy that promoted nationalism and independence of Third World countries in general, especially African countries, and the Arab world in particular. Egypt, under Nasir's leadership, supported the liberation movements in many African countries; and, hence, it came to symbolise the national struggle against imperialism. However, this wave of nationalism was fanned when in 1967, Egypt suffered a humiliating defeat in the war against Israel.⁵⁷

The defeat of 1967 left Egypt a weak regional player with parts of its land under Israeli occupation. Domestically, Nasir's regime was also shaken, though Nasir himself remained popular. Although the defeat of 1967 struck a blow to Nasir, in terms of legitimacy, Nasir managed to survive the setback because he remained committed to the Arab cause and Palestine.

Nasir's Social Contract

After the success of the military coup had brought the Free Officers to power, the new regime had to establish its legitimacy, and mobilise support for the revolution. This was attained through attempts to effect transformation in society and seeking national and economic independence. In order to achieve these objectives, Nasir believed that a unity of social forces was essential. To gain the support of the majority of the population, Nasir, therefore, adopted populist policies. One can

⁵⁷ Stephens, R., *Nasser: A Political Biography*, (Harmondsworth: Penguin, 1971), pp. 251-253, 310-311.

conclude that this support has been realised at the expense of the old ruling elite, by stripping them of their political and economic power.

Considering Nasir's domestic and foreign policies, we can deduce that Nasir's social contract entailed attaining national and economic independence, extending patronage, and embracing welfare policies. In return, Nasir claimed autonomy from all groups in society, and the support of the population. The legitimacy of Nasir's regime was conditioned by its ability to deliver its promises. Once the regime failed, its legitimacy waned, and it was challenged by different interest groups in society. To understand Nasir's formula of the social contract we need to analyse its relevance to three main constituencies in society, the ruling elite, middle and lower income groups, and civil society.

The Ruling Elite and the Social Contract

The radical socio-political transformation that took place under Nasir's rule entailed a change in the composition of the ruling elite. Nasir dismantled the old ruling elite by stripping them of their economic and political power through the dissolution of political parties, land reforms, and later the nationalisation of most of the private sector enterprises. This move empowered the new regime and the state vis-à-vis the ancien regime. After that, Nasir had a free hand to steer the country according to his vision. His main ambition was to attain national and economic independence for Egypt.⁵⁸

⁵⁸ Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 21-22.

Lacking a constituency, and reluctant to co-operate with elements of the ancien regime, Nasir had to found his own base of support. The most accessible constituency was the military, especially members of the Free Officers. Hence, officers were granted key positions in the state based on their loyalty rather than expertise.⁵⁹ To fill the vacuum left by the landed elite, the new regime encouraged the rise of a new elite from the middle class. By the early 1960s, they had reached the apex of power, and entrenched their interests. They mixed with members of the ancien regime and made considerable profits by running the state economy. They tried to preserve the status quo as it served their interests.⁶⁰

The new elite also included bureaucrats and technocrats of the civil service who shared the same urban middle class background with the Free Officers. The new elite, thus, became dependent on the state and networks of patronage for the advancement of their interests.⁶¹

Although a new elite emerged, and their 'long-term' interests were preserved, the regime remained autonomous, until the mid-1960s, as it resided above all forces in society. This manifested itself in the establishment of a strong regime that was able to implement policies that were inimical to the interests of the ancien regime, and to restructure the domestic environment. The regime instituted a centrally planned

⁵⁹ Hinnebusch, R., "From Nasir to Sadat: Elite Transformation in Egypt", *Journal of South Asian and Middle Eastern Studies*, vol. 8, no. 1, fall 1983, pp. 27.

⁶⁰ Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 131.

⁶¹ Kamrava, M., and F. Mora, "Civil Society and Democratisation in Comparative Perspective: Latin America and the Middle East", *Third World Quarterly*, vol. 19, no. 5, pp. 905.

economy with a series of nationalisations, and embraced socialism as the ideology of the state.⁶²

By the mid-1960s, the ruling elite realised that socialist policies no longer served their economic interests. They sought new opportunities that could offer them higher profits, as the state resources were depleted. Although for them the social contract ceased to be binding, they had not been able to challenge the regime, due to its popularity, until the defeat of 1967, when the soundness of the regime's policies and vision was questioned. The defeat of 1967 afforded Nasir's opponents from the ancien regime and the new elite the opportunity to challenge his policies and demand the liberalisation of the economy.⁶³

Middle and Lower Income Groups and the Social Contract

Before the 1952 revolution, democracy was seen, by Egyptians, in conjunction with independence; they were 'two sides of the same coin'. Independence was a prerequisite for democracy. After 1952, the two issues were separated. Although instituting a democratic system was one of the six principles of the revolution, Nasir's distrust of political parties, his reluctance to share power, and his perception of democracy as a threat to national unity made him quickly postpone the project of democracy indefinitely. Accordingly, he introduced a single organisation system that

⁶² Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 24-26.

⁶³ Zaalouk, M., *Power, Class and Foreign Capital in Egypt: The Rise of the New Bourgeoisie*, (London: Zed, 1989), pp. 50-55.

encompassed all forces of society. Nasir believed that a unity of social forces was required to embark on the national project of economic development and independence. The regime managed to block all avenues of political participation, and resorted to repression of all opposition to secure short-term stability.⁶⁴

For middle and lower income groups, Nasir's contract, therefore, translated into populist policies that offered them limited redistribution of wealth through land reforms, subsidies on few basic commodities, free education and health care, and guaranteed employment. In return, these groups offered their support for the regime's policies forgoing their right to political participation.⁶⁵ So long as the regime could deliver these goods and services, the population was acquiescent. However, by the mid-1960s, the economy began to show signs of exhaustion. In particular, strained relations with the US meant a reduction in foreign aid, which restricted the ability of the regime to provide the promised goods and services.

The 1967 defeat brought about an end to this formula of the social contract.⁶⁶ The defeat of 1967, the inability of the regime to live up to its slogans of nationalism, and its subsequent failure to deliver economic promises that formed the foundation of the contract dictated a redefinition of the social contract. The regime proved incapable

⁶⁴ Hudson, M., *Arab Politics: The Search for Legitimacy*, (New Haven: Yale University Press, 1977), pp. 245-246.

⁶⁵ Ibrahim, S. (ed.), "Civil Society and Prospects of Democratization in the Arab World", in *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 251-252.

⁶⁶ Hudson, M., *Arab Politics: The Search for Legitimacy*, (New Haven: Yale University Press, 1977), pp. 239.

of even protecting its territories and standing up to its promises of preserving independence. As the regime had failed to meet its obligations, according to the terms of the contract, Egyptians were not willing to keep their part of the contract. They resisted the regime, and declared their aspiration for more political participation and liberty through worker and student demonstrations.

With the 1967 defeat, the ability of the regime to defend Egyptian territory became questionable. Hence, the link between democracy and independence was re-established. The abrogation of the contract manifested itself in the popular rise of workers and students against the regime in 1968, triggered by the lenient sentences to officers held responsible for the defeat.⁶⁷ This uprising resulted in the redefinition of the contract represented in the March 1968 declaration. The declaration acknowledged the need for a system of participation of 'true' social forces in the political process.⁶⁸ However, Nasir died before he could deliver his promise of liberalisation.

Civil Society and the Social Contract

Before outlining the implications of Nasir's formula of the social contract for Egyptian civil society, we need to trace the rise of civil society in Egypt in order to

⁶⁷ Springborg, R., *Mubarak's Egypt: Fragmentation of the Political Order*, (Boulder: Westview Press, 1989), pp. 96.

⁶⁸ Korany, B., "Restricted Democratization from Above: Egypt", in B. Korany, R. Brynen, and P. Noble (eds.), *Political Liberalization and Democratization in the Arab World*, vol. 2, (Boulder: Lynne Rienner, 1998), pp. 56-57.

appreciate the relevance of Nasir's social contract to the development of civil society.

Civil Society in Egypt

In most societies, voluntary activity has sprouted from religious traditions and principles. Egypt knew a prototype of civil society in the form of PVOs from the 10th century.⁶⁹ Egyptian voluntary activity emerged in the form of religious endowments, *awqāf*.⁷⁰ The first secular PVO, the Greek Society in Alexandria, was set up in 1821. It encompassed the largest foreign group in Egypt at that time. Subsequently, other Egyptian cultural societies were established, such as the Institute for Research of the Egyptian Civilisation (1859); and the Society of Knowledge (1868); as well as religious ones, such as the Islamic Charitable Society (1878); the Coptic Society for Seeking Charities (1881); and the Coptic Tawfiq Society (1891). Many of these societies tried to contain the influence of the British occupation, and dealt with significant issues at the time, such as modernity and traditionalism.⁷¹

⁶⁹ Higgins, J., *States of Welfare: Comparative Analysis in Social Policy*, (Oxford: Blackwell, 1981), pp. 74-76.

⁷⁰ Currently, religious endowments operate under the Ministry of Awqāf. Ibrahim, S., *Egyptian Law 32 on Egypt's Private Sector Organizations: A Critical Assessment*, (Cairo: Ibn Khaldoun Center, Ibn Khaldoun Working Papers, no. 3, November 1996), pp. 12.

⁷¹ Mitwalī, N., "Guhūd al-gam'iyāt ghair al-hukūmīyah fī Misr fī magāl al-ta'līm: lamhah tārikhiyah" [The Efforts of Non-governmental Associations in Egypt in the Domain of Education: A Historical Glimpse], in S. Sulaimān (ed.), *Tanshīt dūr al-gam'iyāt ghair al-hukūmīyah fī al-ta'līm qabl al-gāmi'ī: dirāsah istikshāfiyah* [Revitalising the Role of Non-governmental Associations in Pre-university Education: An Exploratory Study], (Cairo: The National Centre for Research, 1996), pp. 58-60.

After the Constitution of 1923 had allowed the formation of PVOs, there was a proliferation of PVOs; they reached more than 300 by 1925, and 500 by 1936. PVOs played a significant role in different arenas of life such as politics, culture, education, and religion. This was enhanced by the liberal environment of the period 1923-1952. These organisations, especially the Egyptian Red Crescent, were particularly active during World War II, when the government was preoccupied with the war and could not provide the services offered by them. The advent of the revolution of 1952, however, marked the beginning of a new era for the Egyptian civil society.⁷²

Civil Society after the Revolution

The period following the 1952 revolution witnessed a shrinking in the number and role of PVOs. This was mainly due to the gradual encroachment of the state upon the autonomy of various organisations functioning in different aspects of life. The dissolution of political parties and the multiparty system, and the direct control that the state exercised on PVOs by means of Law 32/1964 symbolised the encroachment and dominance of the state on civil society. Nevertheless, voluntary activity was not totally obliterated as members of the upper class, who were denied access to political operations, reverted to philanthropic activities, which they had already been controlling prior to the revolution.⁷³

⁷² Ibrahim, S., *Egyptian Law 32 on Egypt's Private Sector Organizations: A Critical Assessment*, (Cairo: Ibn Khaldoun Center, Ibn Khaldoun Working Papers, no. 3, November 1996), pp. 13-15.

⁷³ Ibrahim, S., *Egyptian Law 32 on Egypt's Private Sector Organizations: A Critical Assessment*, (Cairo: Ibn Khaldoun Center, Ibn Khaldoun Working Papers, no. 3, November 1996), pp. 13-15.

The revolution entrenched the corporatist trend that was underway, with a special relationship evolving between the new regime and trade unions. Leaders of trade unions were co-opted into the system; however, their close links with the state apparatus compromised their credibility and their ability to serve the interests of their constituencies.⁷⁴

Nasir's concern with a unity of social forces, translated into a diminished associational life. In the process, the autonomy of civil society was compromised. The state expanded to dominate all aspects of society, with only two actors rising in prominence, namely the military and the single organisation (Liberation Rally, National Union, or ASU).⁷⁵ In this formula, there was no place for the organisations of civil society. These organisations were marginalised due to the tight grip of the regime over civil life.

The state was assigned a larger role in the provision of welfare; consequently, voluntary associations were overlooked. As the state became burdened with wars and the rise in population, voluntary associations managed to reassert themselves.⁷⁶ Nevertheless, the voluntary sector remained hindered by Law 32 for the year 1964,

⁷⁴ See Posusney, M., *Labor and the State in Egypt: Workers, Unions, and Economic Restructuring*, (New York: Columbia University Press, 1997).

⁷⁵ Kamrava, M., and F. Mora, "Civil Society and Democratisation in Comparative Perspective: Latin America and the Middle East", *Third World Quarterly*, vol. 19, no. 5, pp. 905-906.

⁷⁶ Sullivan, D., "Islam and Development in Egypt: Civil Society and the State", in H. Mutalib, and H. Hashimi (eds.), *Islam, Muslims and the Modern State: Case Studies of Muslims in Thirteen Countries*, (London: Macmillan Press, 1996), pp. 215.

which gave the Ministry of Social Affairs (MOSA)⁷⁷ control over voluntary associations. 'In other words, the voluntary sector was ready to take over the burden off the state, but the government was not ready to give up its control over society'.⁷⁸

The state violated respect for private property and personal freedom with a series of sequestrations of private property conducted in the name of social justice. This action curtailed the socio-political power of landowners, who had also been the major players in civil society prior to the revolution. Socio-political life in Nasir's Egypt can be divided into three main stages:⁷⁹

1. Etatism (1952-56): The main organisation during this period was the Liberation Rally (*hay'at al-tahrīr*). In an attempt to mobilise all social forces, 'contain' political opposition, and to avoid any division in society (along partisan lines), Nasir established the Liberation Rally in 1953.⁸⁰ The Liberation Rally was meant to fill the vacuum left by political parties. The new single organisation embraced all forces in society; it was intended to represent all interest groups in society. Its

⁷⁷ MOSA was established by the state in conjunction with PVOs, in 1936, with the aim of coordinating efforts in the voluntary sector. Ibrahim, S., *Egyptian Law 32 on Egypt's Private Sector Organizations: A Critical Assessment*, (Cairo: Ibn Khaldoun Center, Ibn Khaldoun Working Papers, no. 3, November 1996), pp. 13.

⁷⁸ Sullivan, D., "Islam and Development in Egypt: Civil Society and the State", in H. Mutalib, and H. Hashimi (eds.), *Islam, Muslims and the Modern State: Case Studies of Muslims in Thirteen Countries*, (London: Macmillan Press, 1996), pp. 222.

⁷⁹ Dessouki, A., "The Transformation of the Party System in Egypt 1952-1977", in A. Dessouki (ed.), *Democracy in Egypt*, (Cairo: The American University of Cairo, Cairo Papers in Social Science, vol. 1, monograph 2, 1978), pp. 9.

⁸⁰ Dekmejian, R., *Egypt under Nasir: A Study in Political Dynamics*, (London: University of London Press, 1972), pp. 25.

declared aims were to fulfil the objectives and political interests of the public; guarantee social and political rights, and essential freedoms; make the populace aware of their duties; and emphasise co-operation to work for the development of the country.⁸¹ Branches of the Rally were established in major cities, and citizens became members upon vowing an oath. However, the Rally failed to achieve its aims, as it lacked a 'well-defined structure', experienced 'political cadres' (as important positions in the Rally were filled by officers), ideology, and a 'criteria for recruitment'. Nevertheless, the organisation was successful in limiting the influence of opposition represented by Wafdists, Muslim Brotherhood, and communists. As it became clear that the Liberation Rally was ineffective, and after accomplishing its main purpose of creating support for the new regime, the organisation was 'disbanded'.⁸²

2. Populism (1956-62): The National Union (*al-itihād al-qawmī*) was established in 1957, upon the declaration of a new constitution in 1956, to replace the Liberation Rally. This was supposed to be a grouping of citizens (governors and governed) that aimed to establish a socialist co-operative society. It was promoted as an Arab national organisation working to accomplish Arab unity and build a society where welfare prevailed and feudalism and exploitation were

⁸¹ Mustafā, H., *al-Ahzāb* [The Parties], (Cairo: Al-Ahram Centre for Strategic Studies, 2000), pp. 115.

⁸² Dessouki, A., "The Transformation of the Party System in Egypt 1952-1977", in A. Dessouki (ed.), *Democracy in Egypt*, (Cairo: The American University of Cairo, Cairo Papers in Social Science, vol. 1, monograph 2, 1978), pp. 10-11.

nonexistent.⁸³ However, the new organisation suffered from the same ills as its predecessor. It attempted at reconstructing society, but again it lacked a 'comprehensive program of change' and 'clarity of purpose'. It also suffered from ambiguity of its organisation and hierarchy.⁸⁴

3. State socialism (1962-67): The Charter for National Action was declared, in May 1962, as an expression of Nasir's vision of Egypt and an ideology of the regime. However, socialism was adopted not as an ideology but rather as a way to solve problems.⁸⁵ Admitting the failure of the National Union, the ASU (*al-ithād al-'arabī al-ishtrākī*) was established in 1962. The ASU was meant to reflect the unity of working forces; hence, 50% of its members and those in parliament had to be peasants and workers. The ASU was to lead the public and express their will, and guide national work. It, therefore, represented the alliance of all forces in society, encompassing all its categories, based on commitment to work.⁸⁶ As Dessouki notes:

The party was never meant to be an active institution with decision-making powers, but was conceived basically as a civic association to mobilize the people in an effort

⁸³ Mustafā, H., *al-Ahzāb* [The Parties], (Cairo: Al-Ahram Centre for Strategic Studies, 2000), pp. 116.

⁸⁴ Dessouki, A., "The Transformation of the Party System in Egypt 1952-1977", in A. Dessouki (ed.), *Democracy in Egypt*, (Cairo: The American University of Cairo, Cairo Papers in Social Science, vol. 1, monograph 2, 1978), pp. 11-12.

⁸⁵ Mustafā, H., *al-Ahzāb* [The Parties], (Cairo: Al-Ahram Centre for Strategic Studies, 2000), pp. 117-118.

⁸⁶ Mustafā, H., *al-Ahzāb* [The Parties], (Cairo: Al-Ahram Centre for Strategic Studies, 2000), pp. 117-118.

to stimulate social and economic development. Indeed, it was viewed more as a means of mobilizing political support than as a vehicle for popular participation.⁸⁷

The ASU, thus, contained the same limitations as the previous organisations, namely, a lack of a comprehensive ideology, 'competent cadres', and autonomy,⁸⁸ as well as an 'imbalance between politics and administration'.⁸⁹ Power was concentrated in the president's hands, and the executive, legislative, and the judiciary branches were 'merged under his control'. This organisation eventually became another handicapped bureaucracy, rather than a machine for articulating public views.⁹⁰

The defeat of 1967 resulted in a remarkable change in state-society relations. Elements of the ancien regime, who were active players in civil society prior to the revolution and remained nascent until the 1967 defeat, used the opportunity to voice their exasperation with the system. They attributed the defeat to a lack of a liberal democratic system. They aspired for more political and economic freedom. In addition, there was mounting public pressure for more liberalisation. Accordingly,

⁸⁷ Dessouki, A., "The Transformation of the Party System in Egypt 1952-1977", in A. Dessouki (ed.), *Democracy in Egypt*, (Cairo: The American University of Cairo, Cairo Papers in Social Science, vol. 1, monograph 2, 1978), pp. 14.

⁸⁸ Dekmejian, R., *Egypt under Nasir: A Study in Political Dynamics*, (London: University of London Press, 1972), pp. 144-145.

⁸⁹ Dessouki, A., "The Transformation of the Party System in Egypt 1952-1977", in A. Dessouki (ed.), *Democracy in Egypt*, (Cairo: The American University of Cairo, Cairo Papers in Social Science, vol. 1, monograph 2, 1978), pp. 13.

⁹⁰ Lesch, A. M., "Democracy in Doses: Mubarak Launches His Second Term as President", *Arab Studies Quarterly*, vol. 11, no. 4, fall 1989, pp. 88.

Nasir conceded to these demands; however, he died before completing the process of liberalisation.

State-society Relations under Nasir

Thus, for most of his rule Nasir managed to maintain a *strong state*. The regime enjoyed both high autonomy and support. His policies reflected his preferences and were supported by society. The acquiescence of the population emanated from a *normative agreement*. The vision of national independence, signified in the call for Arab unity and liberation of Palestine, and the socio-economic development that Nasir offered them made them believe that the path of their leader was the right one and that he would deliver them to both ends. Therefore, they offered him their support. However, Nasir did not succeed in achieving his objectives, as his rule ended with Egyptian territory under Israeli occupation, and his socio-economic plans faltered.

Sadat

Sadat became president upon Nasir's death in 1970, by virtue of being appointed as a vice-president by the late president.⁹¹ Thus, his legitimacy was based upon legality, represented in his appointment as a vice-president that made him eligible

⁹¹ It is doubted though whether Nasir really wanted Sadat to become his successor. He decided to accept Sadat's resignation after he had tried to take possession of the residence of General Ibrāhīm Muḡī that adjoined Sadat's villa on the Nile. See Hirst, D., and I. Beeson, *Sadat*, (London: Faber & Faber, 1981), pp. 102.

for presidential office, and tradition, as Egyptians thought that this was the wish of their late leader. To Egyptians, though they accepted his leadership, they did not believe in Sadat's capabilities as they did in Nasir's.⁹² Sadat was previously known to Egyptians, as he was a Free Officer, the Speaker of the National Assembly, and vice-president. However, unlike Nasir, Sadat, at the beginning of his rule, did not 'appear to be charismatic, resourceful, or forceful'.⁹³

Once in office, Sadat realised that he needed to legitimise his rule in order to secure the survival of his regime. The formula of the social contract put in place by Nasir prior to the 1967 defeat had fallen apart; Nasir had died before a new formula took shape. Sadat, therefore, had to find a new formula for the social contract. Like Nasir, Sadat built his legitimacy by operating on two levels, domestic and international.

Domestic

Although Sadat vowed to go along the path of Nasir,⁹⁴ he initiated what came to be known as the 'de-Nasirisation' of Egypt.⁹⁵ He attacked the institutions established

⁹² Heikal, M., *Sphinx and Commissar: The Rise and Fall of Soviet Influence in the Arab World*, (London: Collins, 1978), pp. 217.

⁹³ Ibrahim, S. (ed.), "Governance and Structural Adjustment: The Case of Egypt", in *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 138.

⁹⁴ Ibrahim, S. (ed.), "Governance and Structural Adjustment: The Case of Egypt", in *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 138.

by Nasir, such as the security services and the ASU, and later criticised Nasir himself. Sadat established his power by isolating other centres of power. The power struggle between Sadat and 'Alī Sabrī, who was appointed by Nasir after the defeat of 1967 to restructure the ASU, ended up by relieving Sabrī of his responsibilities and putting him in jail. Sadat accused Sabrī and his collaborators of conspiring against the regime and attempting a coup d'état.⁹⁶

After establishing his own uncontested power base, Sadat claimed that the legitimacy of the ruler ought to be based on institutions rather than the person of the ruler; in other words, the source of legitimacy should be rational rather than charismatic.⁹⁷ Sadat advocated three slogans: rule by law, government by institutions, and political freedom.⁹⁸ He set out to build his 'state of institutions' with the corrective movement of 1971. This movement, Sadat claimed, aimed at correcting the excesses of the 1952 revolution. The achievements of the movement included: releasing political prisoners; returning some of the property sequestered during Nasir's rule to its owners;⁹⁹ and drafting a new permanent constitution.¹⁰⁰

⁹⁵ Hanafi, H., "The Relevance of the Islamic Alternative in Egypt", *Arab Studies Quarterly*, vol. 4, no. 1&2, spring 1982, pp. 62.

⁹⁶ Hirst, D., and I. Beeson, *Sadat*, (London: Faber & Faber, 1981), pp. 111-120.

⁹⁷ Ansari, H., *Egypt, the Stalled Society*, (Albany: State University of New York Press, 1986), pp. 153.

⁹⁸ Dessouki, A., "The Transformation of the Party System in Egypt 1952-1977", in A. Dessouki (ed.), *Democracy in Egypt*, (Cairo: The American University of Cairo, Cairo Papers in Social Science, vol. 1, monograph 2, 1978), pp. 15.

⁹⁹ Sadowski, Y., *Political Vegetables? Businessman and Bureaucrat in the Development of Egyptian Agriculture*, (Washington, D.C., D.C.: Brookings Institution, 1991), pp. 81.

Through the 1971 Constitution, which placed the President above all authorities and institutions within the state, Sadat empowered the office of the President rather than the state.

After that, Sadat turned to the economy; he speeded up the process of economic liberalisation, already initiated under Nasir, that aimed to change the structure of the domestic environment. In April 1974, Sadat issued a working paper that came to be known as the October Paper.¹⁰¹ In this paper, Sadat praised the public sector and counted its advantages; nevertheless, he pointed out the 'neglect' of the private sector and the critical role it should play in economic development. He called for an open door policy (*infitah*), which would be financed by Arab and foreign capital and would bring benefits to the economy with the provision of technology by the West.¹⁰² The main aim of the open-door policy was to attract private investment and technology that were needed to enhance the performance of the economy.

Sadat also tried to liberalise the political system. He reorganised political life in Egypt by restructuring the ASU.¹⁰³ In 1976, Sadat presented a paper to the National Assembly for discussing the role of the ASU. After being re-elected in September

¹⁰⁰ Until then Egypt was operating according to the provisional constitution of 1964. See *The Constitution of the Arab Republic of Egypt*, (Cairo: The General Organisation for Official Publications, 1998), pp. x.

¹⁰¹ The October Paper was put for referendum in May 1974; and it won massive support. See Posusney, M., *Labor and the State in Egypt: Workers, Unions, and Economic Restructuring*, (New York: Columbia University Press, 1997), pp. 201-202.

¹⁰² Posusney, M., *Labor and the State in Egypt: Workers, Unions, and Economic Restructuring*, (New York: Columbia University Press, 1997), pp. 200-201.

¹⁰³ Hirst, D., and I. Beeson, *Sadat*, (London: Faber & Faber, 1981), pp. 119.

1976, Sadat introduced political reforms in October 1976.¹⁰⁴ Political platforms were allowed to be formed within the framework of the ASU. Sadat claimed it was 'too early' for political parties. Instead, he allowed the formation of three 'pulpits', namely, the right, represented by the Socialist Liberal Democrats; the left, represented by the National Progressive Unionists; and the centre, represented by the Egyptian Arab Socialists. Significant political forces, such as the Wafdists, Muslim Brotherhood, Nasirists, and communists were not allowed to be part of the new formula. Later that year, elections took place; the elections were regarded by the populace as relatively fair, since the opposition won 24 seats in the Assembly.¹⁰⁵

After the elections, Sadat dissolved the ASU and allowed these platforms to be turned into political parties.¹⁰⁶ The ease with which Sadat dissolved the ASU reflects the weakness of the organisation. It was created from above and never became entrenched enough in society to allow the formation of interest groups that would resist its dissolution.¹⁰⁷ In 1977, three political parties were legalised, namely, the Socialist Liberal Party (right wing); the Socialist Misr Party (centre),

¹⁰⁴ Aoudé, I., "From National Bourgeois Development to *Infitah*: Egypt 1952-1992", *Arab Studies Quarterly*, vol. 16, no. 1, winter 1994, pp. 12.

¹⁰⁵ Out of 280 seats, the Liberal Party (right wing) won 12 seats, and the NPUP won 2 seats, while independents won 48 seats. See Korany, B., "Restricted Democracy from Above", in B. Korany, R. Brynen, and P. Noble (eds.), *Political Liberalization and Democratization in the Arab World, Volume 2: Comparative Experiences*, (Boulder: Lynne Rienner, 1998), pp. 49.

¹⁰⁶ Hirst, D., and I. Beeson, *Sadat*, (London: Faber & Faber, 1981), pp. 246-247.

¹⁰⁷ Waterbury, J., *The Egypt of Nasser and Sadat: The Political Economy of Two Regimes*, (Princeton: Princeton University Press, 1983), pp. 367.

whose vice-president was Sadat's brother-in-law, Abū Wāfiyah,¹⁰⁸ and the National Progressive Unionist Party (NPUP) (left wing).

However, the experiment failed as both the left and right lost favour in Sadat's eyes. He accused the left of instigating the riots of 1977, and the NPUP came under surveillance, and its activities were curtailed. On the other hand, the right wing was not pleased with the package of political and economic liberalisation offered by Sadat; it sought more liberalisation that would allow its members to increase their influence. Hence, members of the former Wafd Party formed the New Wafd Party (NWP), under the leadership of Fū'ād Sirāg al-Dīn, in 1978. But because Sadat perceived it as a 'rival' to the centre Misr Party, as it appealed to its main targeted constituencies the upper and middle classes, he conducted a referendum to prevent individuals who were convicted of corruption in 1953 from practising politics. Accordingly, three members of the New Wafd were prevented from engaging in politics. Thereupon, the party froze its activities in protest.¹⁰⁹

Seeing that the experiment was collapsing, Sadat formed and headed the National Democratic Party (NDP), in July 1978.¹¹⁰ Most of the members of the Misr Party

¹⁰⁸ Ibrahim, S. (ed.), "The Vindication of Sadat in the Arab World", in *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 206.

¹⁰⁹ El-Mikawy, N., *The Building of Consensus in Egypt's Transition Process*, (Cairo: The American University in Cairo Press, 1999), pp. 32-35.

¹¹⁰ The NDP was named after the party established by Mustafa Kamil, who was an active member in the national struggle against British occupation, in 1907. See Mustafā, H., *al-Ahzāb* [The Parties], (Cairo: Al-Ahram Centre for Strategic Studies, 2000), pp. 102.

defected to the new party.¹¹¹ Thus, the NDP inherited the assets of the ASU, and later those of the Misr Party. Sadat 'encouraged' another party to form to represent the left, and act as 'a loyal opposition' instead of the NPUP; this was the Socialist Labour Party.¹¹²

Hence, Sadat introduced limited democracy; he authorised political parties to function as a 'kind of loyal opposition'. Sadat allowed the opposition to operate in order to express acceptable contradictions within society, and contain conflict arising from such contradictions. Opposition, however, was not meant to criticise the regime.¹¹³ Political parties provided an arena for public discussion of economic and political issues. The formation of parties also served as a democratic façade for Sadat's rule. The democratic façade underscored the shift away from the repressive image of Nasir's regime; it, therefore, facilitated the flow of foreign aid from the West.¹¹⁴

Although Sadat claimed that he would establish a 'state of institutions', the institutions of the state remained weak. Sadat, in fact, bypassed the parliament by

¹¹¹ Hashīsh, A., "Ra'īs al-gumhūrīyah baīn al-hīyād wa al-hizbīyah" [The President of the Republic between Neutrality and Partisim], in *Lihazā nu'ārid Mubārak* [This is Why We Oppose Mubarak], (Cairo: Al-Ahālī, 1987), pp. 72.

¹¹² El-Mikawy, N., *The Building of Consensus in Egypt's Transition Process*, (Cairo: The American University in Cairo Press, 1999), pp. 35.

¹¹³ Mustafā, H., *al-Ahzāb* [The Parties], (Cairo: Al-Ahram Centre for Strategic Studies, 2000), pp. 125.

¹¹⁴ Owen, R., "Socio-economic Change and Political Mobilisation: The Case of Egypt", in G. Salamé (ed.), *Democracy without Democrats? The Renewal of Politics in the Muslim World*, (London: I.B. Tauris, 1996), pp. 190.

giving issues to the populace for referendum and passing decrees that were merely approved by the parliament. The parliament, therefore, did not serve as a genuine vehicle for legislation, but rather it gave the regime a façade of democracy. What Sadat was successful in institutionalising was in fact the presidential office, through considerable constitutional powers, rather than the whole political system.¹¹⁵

International

Nasir's legacy included the 'no war no peace' situation with Israel. After the defeat of 1967, Nasir launched a war of attrition in 1969; the army was not ready for a full confrontation with Israel after the destruction of its air force. The war was suspended when Nasir accepted the cease-fire plan, Rogers plan, offered by the US in 1970. This war was never renewed due to Nasir's death. When Sadat came to power, he vowed to fight Israel until the occupied territories were liberated.

Sadat believed that the US held '99% of the cards' needed for the peace process. He recognised that Egypt's interests lay with the West; and therefore, he wanted to ally Egypt with the West. He sought to shift Egypt's alliance from the Soviet Union to the US. Accordingly, Sadat expelled some 15,000 Soviet experts in July 1972.¹¹⁶ Sadat took this 'daring step' probably for two reasons. First, he wanted to court the US by showing his anticommunist stance. He thought this act would demonstrate

¹¹⁵ Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 302.

¹¹⁶ The figure cited by Shāzli (1980) is 8,000 of whom 6,014 were field unit personnel. See Waterbury, J., *The Egypt of Nasser and Sadat: The Political Economy of Two Regimes*, (Princeton: Princeton University Press, 1983), pp. 393.

his 'goodwill', and the US would hasten to intervene in order to secure a diplomatic solution for the Arab-Israeli conflict. Second, Sadat was growing impatient with the Soviet delay in supplying arms to Egypt, which increased the unpopularity of the Soviets among Egyptians.¹¹⁷

From 1970 to 1973, Sadat kept claiming each year would be the year of decision. By 1973, nobody believed him, not even his domestic constituency. Though unintentional, this disbelief served the purpose of the war, as Israel was taken by surprise on 6 October 1973. Through collaboration with Syria and Saudi Arabia, limited 'victory'¹¹⁸ was realised against Israel in October 1973. This victory opened room for negotiations with Israel over the liberation of the Sinai.¹¹⁹ It also led to the opening of the Suez Canal, which had been closed since the defeat of 1967. Sadat's potential power was, thus, actualised with the limited victory realised over Israel in 1973. This victory earned Sadat some credit in terms of legitimacy, which was probably the maximum he had ever attained during his rule. However, this did not last long, for the economic conditions did not improve, as Sadat had promised;

¹¹⁷ Hirst, D., and I. Beeson, *Sadat*, (London: Faber & Faber, 1981), pp. 132-137.

¹¹⁸ Israel managed to arrange a counter-crossing and was about to achieve another total victory if the UN had not passed Resolution 338, which asked all parties to ceasefire within 12 hours and retain the positions occupied by then. As Israel had refused to apply the ceasefire, the Soviet Union threatened the US to act alone if the US failed to force Israel to ceasefire. Due to nuclear threat, a UN 'emergency force arrived in the battle zone' on 24 October 1973. See Hirst, D., and I. Beeson, *Sadat*, (London: Faber & Faber, 1981), pp. 156-167.

¹¹⁹ Quilliam, N., *Syria and the New World Order*, (Reading: Ithaca Press, 1999), pp. 180.

moreover, the Sinai was still under Israeli occupation despite the signing of two disengagement agreements, in 1974 and 1975.¹²⁰

The escalating economic pressures led Sadat to give in to the US inducement to conclude a peace treaty with Israel in order to guarantee the flow of foreign aid. Hence, Sadat made his historic visit to Jerusalem in November 1977, which was then followed by signing the Camp David Accords with Israel in 1979. The peace deal 'effectively removed Egypt from the Arab-Israeli conflict'; and shifted the regional balance of power in favour of Israel.¹²¹

Although a steady flow of aid followed the signing of the peace treaty, the peace treaty damaged Sadat's legitimacy. Most opposition groups in Egyptian society resented Sadat for concluding a separate peace deal with Israel. Although the peace deal led to the return of the Sinai, in 1984, it was perceived by most Egyptian opposition groups as a betrayal to the Arab cause and a means to secure Western interests in the region. With the signing of the peace treaty, Egypt was ousted from the Arab fold,¹²² and the headquarters of the Arab League¹²³ was moved from Cairo

¹²⁰ Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 55-57.

¹²¹ Quilliam, N., *Syria and the New World Order*, (Reading: Ithaca Press, 1999), pp. 122, 180.

¹²² Jreisat, J., *Politics without Process: Administering Development in the Arab World*, (Boulder: Lynne Rienner, 1997), pp. 99.

¹²³ The Arab League was established after World War II, in 1945, with the 'encouragement' of Britain to enhance British interests in the Arab world. Hudson, M., *Arab Politics: The Search for Legitimacy*, (New Haven: Yale University Press, 1977), pp. 240-241.

to Tunis. The opposition's criticism of Sadat for signing the peace treaty with Israel culminated in his assassination on 6 October 1981.

Sadat's Social Contract

Sadat's vision for Egypt was different from Nasir's. He sought economic development through allegiance with the West, even at the expense of national independence. In contrast to Nasir, who defied the West by adopting an anti-Western foreign policy, Sadat pursued a foreign policy that served Western interests in the region by concluding a separate peace deal with Israel, which did not take into account the interests of the Palestinians.

Sadat's vision dictated the new formula of the social contract. In order to ally Egypt with the West, Sadat embraced economic liberalisation. In doing so, he effectively shifted alliance away from middle and lower income groups, who were the main beneficiaries of Nasir's populist policies, towards the business elite, who formed the main constituency of Sadat.¹²⁴

The new formula involved delivering peace; economic prosperity, through economic liberalisation and foreign aid; limited participation; and extending patronage and welfare policies. The obligation of the population was to stand behind their leader and not challenge his policies. Sadat tried to secure the

¹²⁴ Hinnebusch, R., "The Politics of Economic Liberalization: Comparing Egypt and Syria", in H. Hakimian, and Z. Moshaver (eds.), *The State and Global Change: The Political Economy of Transition in the Middle East and North Africa*, (Richmond: Curzon Press, 2001), pp. 116.

autonomy of his regime from societal forces by placing the President above all the institutions and political forces in society. He allowed opposition to operate as long as it did not criticise his policies. This formula had different implications for the ruling elite, middle and lower income groups, and civil society.

The Ruling Elite and the Social Contract

In spite of being one of the Free Officers, and appointed vice-president by Nasir in 1969, Sadat was overshadowed by Nasir's glorious reputation. 'Sadat's sudden and unexpected promotion to the presidency was thus not so much an expected inheritance as a stopgap move.'¹²⁵ He realised that to assert his power, he had to get rid of the existing centres of power. Hence, he removed Sabrī and his collaborators, who thought they could manipulate him to serve their own interests. Then, he started to form his own constituency from amongst the ruling elite that emerged under Nasir.

Sadat's main constituency was composed of members from the ancien regime, in addition to the new elite of technocrats formed under Nasir. The rising elite formed under Nasir was consolidated by occupying key positions in the state; they mixed with members of the ancien regime, through marriage, conducting business and forming political alliances with them, and adopting the latter's values.¹²⁶

¹²⁵ Woodward, P., *Nasser*, (London: Longman, 1992), pp. 130.

¹²⁶ Hinnebusch, R., "Children of the Elite: Political Attitudes of the Westernized Bourgeoisie in Contemporary Egypt", *The Middle East Journal*, vol. 36, no. 4, autumn 1982, pp. 560.

During Sadat's rule, although the military continued to be well represented in power, though not as they were under Nasir, technocrats gained prominence. Prime ministers and ministers tended to be technocrats (especially engineers) from the bureaucracy.¹²⁷

Thus, there were two main differences between the elite under Nasir and Sadat. The elite became more diversified under Sadat, as it included, technocrats, bureaucrats, politicians and businessmen, as well as the military. However, the elite was recruited more from civilians than the military. This could be attributed to the difference in policy orientation and vision between the two presidents. Sadat wanted to consolidate his position and move away from the military rule of his predecessor that had emphasised the external threat posed by Israel. Probably, Sadat also wanted to show the West the shift in policy orientation from the previous regime, and pave the way for the enhancement of business class interests. This implied that the skills of the old elite were no longer suitable for the new era, which required more business skills to attract Western and Arab investments. The new elite composition, therefore, served two purposes, namely, to establish a new base of support for Sadat, and to adjust to the requirements of the new period of market economy and alliance with the West.¹²⁸

¹²⁷ Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 90-91.

¹²⁸ Hinnebusch, R., "From Nasir to Sadat: Elite Transformation in Egypt", *Journal of South Asian and Middle Eastern Studies*, vol. 8, no. 1, fall 1983, pp. 42-46.

Sadat allowed the new elite to advance their socio-economic interests by enhancing the economic liberalisation process initiated under Nasir. Thus, Sadat launched the open door policy, *infitah*, in 1974. *Infitah* opened opportunities for more gain for both public officials and the private sector through commissions and access to imported goods. Public officials capitalised on the opportunity and managed to profit from dealings with the private sector.¹²⁹

The state and the private sector became intertwined with the emergence of several figures, who worked for the public sector, and in the meantime were employed as consultants by the private sector, owned private enterprises, or whose relatives owned private enterprises. This pattern emerged so that the private sector could secure connections to facilitate smooth operations, and gain from *infitah* through foreign aid and commissions.¹³⁰ In the absence of effective political institutions, the process was enhanced by a functioning patrimonial system that allowed these figures to acquire influence and resources by virtue of their connections.¹³¹ Thus, in spite of the flourishing of the business elite, under Sadat, they continued to remain dependent on the state.

¹²⁹ Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 90-91.

¹³⁰ Al-Sayeed, M., "The Concept of Civil Society in the Arab World", *Political Liberalization and Democratization in the Arab World, Volume 1: Theoretical Perspectives*, (Boulder: Lynne Rienner, 1998), pp. 139.

¹³¹ Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 90-91.

The business elite had direct access to the president through influential figures, such as ‘Uthmān Ahmad ‘Uthmān, and Mansūr Hassan. This helped them advance policies that catered for their interests.¹³² The formation of business associations, to represent the interests of businessmen, was encouraged by the government. Nevertheless, the business ‘class’ was not united, as different sectors had different interests that sometimes conflicted with other sectors, and sometimes even clashed with the interests of the state itself. The state tried to balance these interests, while preserving its autonomy. It needed the support of businessmen, and their investment; however, it also needed revenues from taxation.

In other words, the regime maintained its autonomy vis-à-vis the different interest groups within the elite. The autonomy enjoyed by the regime was illustrated in Sadat’s attack of widespread corruption, tax evasion, and the excesses of *infitah*. He criticised the middlemen and abusers of *infitah*, who tried to exploit the liberalisation policy and make profit at the expense of the public purse.¹³³

Thus, Sadat’s social contract served the interests of the ruling elite. The end of the war with Israel and the launching of *infitah* policy that followed brought about the stability and liberalisation needed for investment. Furthermore, the patrimonial system fostered by Sadat allowed them access to the president, and public officials, and, hence, to influence economic policy to their advantage. The environment

¹³² Springborg, R., *Mubarak’s Egypt: Fragmentation of the Political Order*, (Boulder: Westview Press, 1989), pp. 34.

¹³³ Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 144-148.

created by Sadat, therefore, afforded them the opportunity to make considerable profits through their *dependence* on their links with the state. The new elite, on their part, supported the president and did not oppose his policies.

Middle and Lower Income Groups and the Social Contract

Although Sadat's main constituency was the business elite, he realised that the support of middle and lower income groups was essential for the survival of his regime. Sadat recognised that he needed to redefine the formula of the social contract to accommodate his new vision for the country, which entailed alliance with the West. His contract with the populace was, therefore, based upon economic prosperity, limited political participation, and peace with Israel.

Although the *infitah* policy mainly served the interests of the new ruling elite, Sadat sold it to his population, which was exhausted by five wars since 1948 (including the civil war in Yemen 1962-65), as the solution to Egypt's economic difficulties that would bring prosperity to everybody.¹³⁴ He declared that it was a 'legitimate dream' for 'every Egyptian to have his own villa and car'.¹³⁵

The expectations of the Egyptians were raised with the launching of the 'consumptive' *infitah* policy in 1974. However, the expectations of most of the

¹³⁴ Hirst, D., and I. Beeson, *Sadat*, (London: Faber & Faber, 1981), pp. 202-204.

¹³⁵ Ibrahim, S. (ed.), "The Vindication of Sadat in the Arab World", in *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 208.

middle and lower income groups were frustrated as they were deprived from sharing the profits of *infitah*. Widely known stories of corruption, including members of Sadat's family, in addition to the increased social inequality, contributed to the rising frustration and disappointment. 'Although most Egyptians had not been happy in the late Nasir period, they now lamented those years with nostalgia.' They expressed their frustration by resisting law and order, and ultimately through riots.¹³⁶

A high point of popular frustration, under Sadat's rule, came in 1977, when the Cabinet raised the prices of 25 essential commodities overnight, in spite of government reassurances to keep the prices constant.¹³⁷ Although these riots were economic in nature, they 'took on a political character', when students and members of the intelligentsia and opposition joined the upheaval. They demanded more freedom and genuine democracy. This incident exposed the vulnerability of the regime and its dependence on the military; it had to invite the army to intervene to put an end to the riots, which lasted for two days.¹³⁸

Instead of addressing the real problem and admitting the cause behind the riots, Sadat referred to the riots as the 'upheaval of thieves'; and he accused communists and Nasirists of being the inciters of the riots. He purported that they committed acts

¹³⁶ Ibrahim, S. (ed.), "Governance and Structural Adjustment: The Case of Egypt", in *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 141.

¹³⁷ Hirst, D., and I. Beeson, *Sadat*, (London: Faber & Faber, 1981), pp. 246-252.

¹³⁸ Hirst, D., and I. Beeson, *Sadat*, (London: Faber & Faber, 1981), pp. 231-232.

of sabotage in order to seize power. He also hinted that, in addition to communists and Nasirists, external agents had contributed to the events, rather than the unwise economic policies of his Cabinet, which raised the prices of 25 essential commodities overnight.¹³⁹ Thus, he clamped down on the NPUP, accusing it of masterminding the uprising.¹⁴⁰

Sadat realised that opposition forces in society needed an outlet for their grievances in order to prevent them from rebelling against his regime. Thus, he introduced measures of political liberalisation, as has already been outlined. However, Sadat did not mean to fully democratise the political system. Although he allowed political parties to function, he exercised control over the democratic experience through presidential constitutional powers, and by heading the ruling party. The motto of the party reflected Sadat's basis of the social contract: 'Food for every mouth, a house for every individual, and prosperity for all'.¹⁴¹ The party, thus, carried the image of economic prosperity.

Nevertheless, Sadat's era was like that of Nasir's, full of promises that remained unfulfilled. The October War was a disappointment for Egyptians, as although Sadat declared that he would not stop fighting until Sinai had been liberated, Sinai was still occupied. Neither did the economic situation improve. Sadat implemented

¹³⁹ Hirst, D., and I. Beeson, *Sadat*, (London: Faber & Faber, 1981), pp. 246-252.

¹⁴⁰ Hinnebusch, R., "The National Progressive Unionist Party: The Nationalist-left Opposition in Post-populist Egypt", *Arab Studies Quarterly*, vol. 3, no. 4, fall 1981, pp. 347.

¹⁴¹ Aoudé, I., "From National Bourgeois Development to *Infitah*: Egypt 1952-1992", *Arab Studies Quarterly*, vol. 16, no. 1, winter 1994, pp. 13.

repressive policies, but 'to cover it offered some freedom for political parties'. The populace looked for 'freedom and liberties', but its aspirations never materialised.¹⁴²

The failure of the regime to meet its obligations meant that the public was no longer obliged to be acquiescent; it had the right to resist the regime. To the majority of middle and lower income groups, the regime lost its legitimacy. The ultimate manifestation of the loss of legitimacy of Sadat was his assassination in a military parade celebrating the 6th of October 'victory', on 6 October 1981. This was underscored by the absence of lamentation by the Egyptian populace.¹⁴³

Civil Society and the Social Contract

Although Sadat's formula of the social contract revived Egyptian civil society through more freedom and pluralism, civil society remained constrained because of limited participation. Sadat promoted freedom, respect for private property, and pluralism. This was manifested in the release of political prisoners in 1971; the return of sequestered properties; the regime's commitment to the private sector; and the introduction of a multiparty system, which allowed the formation of political parties.

¹⁴² Heikal, M., *The Autumn of Fury: The Assassination of Sadat*, (London: André Deutsch, 1983), pp. 201.

¹⁴³ Hirst, D., and I. Beeson, *Sadat*, (London: Faber & Faber, 1981), pp. 13.

Additionally, the return of members of the ancien regime to participate in socio-economic life was fully endorsed by Sadat with the launching of *infitah*, and the alignment of Egypt with the West. However, by then, they had become 'more "bourgeois" than "landed"'. Their wealth was no longer mostly concentrated in land; it included real estate, and stock in privately owned enterprises.¹⁴⁴

By the 1970s, the ruling elite, formed of the old upper class, the bureaucrats, and the returning wealthy migrants from rich Arab oil states, had almost 'exhausted' what could be offered by socialism. They were looking for new opportunities that lay in a more open economy as well as a political environment, which could produce laws that would serve their interests. The returning migrants from rich Arab oil states, in particular, wanted to invest their newly acquired wealth, something not possible in the centrally planned economy of Egypt, where the state was the major investor.¹⁴⁵ All this necessitated the presence of a more open and autonomous civil society representing the rising economic interests in society.

On the other hand, limited participation meant that members of society seeking more liberties and political participation, such as the intelligentsia and students, had to turn to voluntary activity. In the absence of legitimate avenues for participation,

¹⁴⁴ Ibrahim, S. (ed.), "Egypt's Landed Bourgeoisie", in *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 122-126.

¹⁴⁵ Ibrahim, S. (ed.), "Egypt's Landed Bourgeoisie", in *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 122-126.

PVOs started to increase in number.¹⁴⁶ In 1976, the number of PVOs totalled 7,593, whilst in 1981, they reached 10,731.¹⁴⁷

The proliferation of PVOs can partly be attributed to the ability of PVOs to serve the socio-economic, cultural, political, and professional needs of 'individuals and local communities'. Members of middle and upper classes who aspired for more 'cultural, professional, and political variety' tried to satisfy their needs through voluntary work in these areas. PVOs tried to meet the socio-economic needs of lower and lower middle classes. Free education has raised the 'expectations' and 'consciousness' of Egyptians at the lower end of the social strata. Members of these social groups wanted to improve their conditions and their communities, through education and health service facilities. They, therefore, sought an alternative to the state, as the state failed to meet those needs both in terms of quantity and quality.¹⁴⁸

Despite the regime's tolerance of freedom and its encouragement of the private sector, civil society was still under the tight control of the state. For example, Law 32/1964, which discouraged voluntary activity, remained unchanged.¹⁴⁹

¹⁴⁶ Ibrahim, S. (ed.), "Civil Society and Prospects of Democratization in the Arab World", in *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 253-254.

¹⁴⁷ Al-Sayyid, M., "A Civil Society in Egypt?", *The Middle East Journal*, vol. 47, no. 2, spring 1993, pp. 231.

¹⁴⁸ Ibrahim, S. (ed.), "Civil Society and Prospects of Democratization in the Arab World", in *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 253-254.

¹⁴⁹ Mitwalī, N., "Guhūd al-gam'iyāt ghaīr al-hukūmīyah fī Misr fī magāl al-ta'līm: lamhah tārīkhīyah" [The Efforts of Non-governmental Associations in Egypt in the Domain of Education: A Historical Glimpse], in S. Sulāīman (ed.), *Tanshīt dūr al-gam'iyāt ghaīr al-hukūmīyah fī al-ta'līm qabl al-gam'ī: dirāsah istikshāfiyah* [Revitalising the Role of Non-governmental Associations in Pre-

Additionally, Law 42/1977 for political parties was introduced. According to this law, new parties have to be approved by a committee of political parties. Parties are restricted by six main factors, which amount to:

- the party's programme should comply with the principles of Islamic *shari'a*;
- the party's programme should comply with the principles of 1952 revolution and May corrective movement of 1971;
- the party's programme should comply with national unity, social peace, socialist democratic order, and socialist gains;
- half of the founding members should be farmers or workers;
- the programme of each party should be distinct from other parties;
- the party should not be established along class, confessional, or religious lines.

Furthermore, the trend of corporatism in civil society intensified under Sadat's rule. National chambers of commerce were established, and these chambers formed alliances with both public officials and members of the ruling party. Related syndicates in health and technical professions formed new federations. These federations did not enjoy much autonomy from the state, as the regime was involved in choosing leaders who were supportive of the regime. The leadership of these federations benefited from their connections with the state and the regime. In return, they offered their support to the regime during election time. However, this was

university Education: An Exploratory Study], (Cairo: The National Centre for Research, 1996), pp. 62.

achieved at the expense of their credibility in the eyes of their members, and their ability to serve the interests of their members.¹⁵⁰

Sadat's tolerance of a liberal system, eventually reached its limit. As soon as Sadat had discovered that an active civil society, especially the multiparty system, was used to criticise his policies, and that political parties started to act as powerful pressure groups demanding a substantial shift towards democratisation, he placed 1,536 people, who were critical of his policies, in jail on 3-5 September 1981.¹⁵¹

State-society Relations under Sadat

Sadat's state, with the exception of the events of 18 and 19 January 1977, when it exhibited weakness, can, therefore, be described as an *independent state*. Sadat's regime enjoyed high autonomy but low support. The regime implemented its policies regardless of the preferences of society. This was particularly true of signing the peace treaty with Israel in 1979.

Sadat enjoyed low support by the majority of the population during most of his rule, the highest point in this support being after the crossing of the Suez Canal. In general, the support that Sadat enjoyed was instrumental. The public supported him as long as he delivered his promises of prosperity. Once he failed to do so, the

¹⁵⁰ Bianchi, R., *Unruly Corporatism: Associational Life in Twentieth-century Egypt*, (Oxford: Oxford University Press, 1989), pp. 86-87.

¹⁵¹ Lesch, A. M., "Democracy in Doses: Mubarak Launches His Second Term as President", *Arab Studies Quarterly*, vol. 11, no. 4, fall 1989, pp. 89.

populace withdrew its support and rebelled against him. This was evident in the riots of 1977. Prior to this event, most Egyptians were not particularly satisfied with his liberalisation or foreign policies, yet their acquiescence was motivated by their desire to secure their food. However, when he cancelled the subsidies, they turned against him.

Thus, Sadat's social contract was so fragile; and its collapse led to his own downfall. The main beneficiaries from Sadat's formula were the ruling elite, in the form of profits made from shifting to a free market economy. Middle and lower income groups' expectations in terms of welfare and economic prosperity were not met satisfactorily. Even the peace that the regime delivered was unacceptable to most Egyptians, who saw it as a betrayal to the Arab cause and Palestinian case. Hence, the regime was unable to fulfil its obligations; accordingly, the population was not willing to provide its allegiance to the regime. One can argue that public resistance to the regime culminated in the assassination of Sadat on 6 October in 1981.

Mubarak

Mubarak, who was vice-president under Sadat for seven years, came to power in 1981 after the assassination of Sadat. Mubarak ascended to power through a constitutional process. He was nominated by the People's Assembly and approved by the populace through a public referendum. Thus, his rule was based on legality. Mubarak recognised his lack of revolutionary credentials, but he had earned

prominence and respect as Commander of the Air Force during the October War in 1973.¹⁵²

Since his ascension to power, Mubarak's priority has been the establishment of social stability, and 'popular confidence' in his government. The political system that he inherited from Sadat was marked by instability, weak legitimacy, and 'limited institutionalization'.¹⁵³ Seeking to consolidate his rule, Mubarak declared that his rule would be grounded in democracy based upon participation; transparency in decision making; purity and sanctity of the judiciary; and dealing with the economic crisis according to 'scientific means'.¹⁵⁴

Mubarak, like his predecessors, has worked on two levels to secure his legitimacy, domestic and international.

Domestic

Mubarak's assumption of power was smooth, and accepted by the Egyptian populace due to its legality.¹⁵⁵ Mubarak's immediate power base was the NDP. He

¹⁵² Moench, R., "The May 1984 Elections in Egypt and the Question of Egypt's Stability", in L. Layne (ed.), *Elections in the Middle East: Implications of Recent Trends*, (Boulder: Westview Press, 1987), pp. 51.

¹⁵³ Lesch, A. M., "Democracy in Doses: Mubarak Launches His Second Term as President", *Arab Studies Quarterly*, vol. 11, no. 4, fall 1989, pp. 87.

¹⁵⁴ Mustafā, H., *al-Ahzāb* [The Parties], (Cairo: Al-Ahram Centre for Strategic Studies, 2000), pp. 123.

¹⁵⁵ Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 302.

was appointed a Vice Chairman of the party (1978) when he was vice-president; and as he assumed the presidency, he became the head of the ruling party by default.

At the beginning of his rule, Mubarak carried out an anti-corruption campaign and stressed 'production', 'combating waste', and 'correcting "the excesses"' of *infitah*, to try to distance his regime from that of Sadat.¹⁵⁶ However, his rule has essentially been a continuation of that of his predecessor. This can be detected in two areas, the political domain, and the economy.

The Political Scene under Mubarak

Since he assumed power in 1981, Mubarak has declared that the main priority of his government is to establish democracy.¹⁵⁷ Mubarak has embraced a policy that emphasises the rule of law, freedom of the press,¹⁵⁸ and a multiparty system, which all reflect his declared concern for constitutional processes. However, as with Sadat's rule, this has not meant a total transformation to a democratic system. The regime perceives democracy as a means to hold on to power, not as a system in

¹⁵⁶ Ibrahim, S. (ed.), "Governance and Structural Adjustment: The Case of Egypt", in *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 156.

¹⁵⁷ Lesch, A. M., "Democracy in Doses: Mubarak Launches His Second Term as President", *Arab Studies Quarterly*, vol. 11, no. 4, fall 1989, pp. 103-104.

¹⁵⁸ Although the press in Egypt has enjoyed more freedom under Mubarak's regime than his predecessor, the press suffered a blow in 1995 with the promulgation of the law, mistakenly known as, the Press Law. The significance of the law is that it sent a message to the opposition that their criticism of the regime and 'public figures' would not be tolerated beyond a certain limit. According to the law, offenders are liable to a fine up to E£10,000 and 6 months imprisonment. See Goodson, L., and S. Radwan, "Democratization in Egypt in the 1990s: Stagnant, or Merely Stalled?", *Arab Studies Quarterly*, vol. 19, no. 1, winter 1997, pp. 15.

which rotation of power may occur peacefully. The opposition has been expected to provide solutions to improve the programme of the regime rather than to compete for power.¹⁵⁹ Within this framework, change occurs through the policies of the regime; there is no need for political reform.¹⁶⁰

This experiment with limited democracy in Egyptian political life has made it possible to have political parties licensed by the government as a kind of a loyal opposition. They serve as a limited arena for public discussion and debate of socio-economic issues.¹⁶¹ Mubarak sometimes equates participation with the right of the opposition to say no and the 'unrestricted debate in the People's Assembly and the press'.¹⁶² Nonetheless, the People's Assembly is a handicapped body that is incapable of effecting change due to its dominance by the ruling party, the NDP.¹⁶³ Although, under Mubarak, the opposition has been granted a larger space to voice their criticism of the regime, critics of the regime can express themselves freely in the press as long as they do not 'directly attack the president or the military'.¹⁶⁴

¹⁵⁹ Mursī, F., "Ta'mīm al-mu'aradah: hal badā' al-'ad al-tanāzulī lil-wisūl ilā Sibṭambir 'ākhar?" [Nationalisation of Opposition: Has the Counting Down for Another September Started?], in *Lihazā nu'arid Mubārak* [This is Why We Oppose Mubarak], (Cairo: Al-Ahālī, 1987), pp. 114.

¹⁶⁰ Nāfī', I., *Rīyāh al-dīmuqrāṭīyah* [The Winds of Democracy], (Cairo: Dār al-Ma'ārif, 1984), pp. 115-117.

¹⁶¹ Haddad, Y., "Islamic 'Awakening' in Egypt", *Arab Studies Quarterly*, vol. 9, no. 3., Summer 1987, pp. 241.

¹⁶² Lesch, A. M., "Democracy in Doses: Mubarak Launches His Second Term as President", *Arab Studies Quarterly*, vol. 11, no. 4, fall 1989, pp. 104.

¹⁶³ D. Sullivan, and S. Abed-Kotob, *Islam in Contemporary Egypt: Civil Society vs. the State*, (London: Lynne Rienner, 1999), pp. 134.

¹⁶⁴ Rubin, B., *Islamic Fundamentalism in Egyptian Politics*, (New York: St. Martin's Press, 1990), pp. 137-138.

Opponents and critics of state policy are marginalised or accused of being terrorists.¹⁶⁵

The regime 'controls virtually all the power and most of the wealth of society' through a large bureaucracy and the military, rather than the claimed support of the people expressed in the 99.9% results of elections.¹⁶⁶ Moreover, the democracy offered by Mubarak continues to be limited, as the military and security services are the 'key institutions underpinning the regime' and the state of emergency is still retained.¹⁶⁷ In Mubarak's Egypt, the military and security forces remain the backbone of the regime. They provide it with security and stability; it is difficult for the regime to reduce the 'size and influence' of the military or security forces. This was highlighted in 1986, when the army has been invited to quell the riots of Central Security Forces, and restore order.¹⁶⁸ Furthermore, by retaining a state of emergency, Mubarak has maintained the right to: restrain the freedoms of citizens in gathering, movement and passing in certain places at certain times; arrest suspects

¹⁶⁵ Lesch, A. M., "Democracy in Doses: Mubarak Launches His Second Term as President", *Arab Studies Quarterly*, vol. 11, no. 4, fall 1989, pp. 104.

¹⁶⁶ Sharabi, H. (ed.), "Introduction: Patriarchy and Dependency and the Future of Arab Society", in *The Next Arab Decade: Alternative Futures*, (Boulder: Westview Press, 1988), pp. 4.

¹⁶⁷ Owen, R., "Socio-economic Change and Political Mobilisation: The Case of Egypt", in G. Salamé (ed.), *Democracy without Deomocrats?*, (London: I.B. Tauris, 1994), pp. 194.

¹⁶⁸ These riots were caused by the low living standards and ill-treatment of the Central Security conscripts by their officers, amidst rumours of extending the duration of their conscription. See Cassandra, "The Impending Crisis", *Middle East Journal*, vol. 49, no. 1, winter 1995, pp. 21-22.

and those posing danger to national security and public order and search their homes; and censor newspapers and publications.¹⁶⁹

Thus, Egyptian leaders, since the revolution of 1952, have failed to establish democratic institutions to maintain stability without resorting to repression. For the regime, stability has meant continuity, which involves absence of rotation of power and political reform, and restriction of liberty.¹⁷⁰

As during Sadat's rule, the President still enjoys considerable constitutional power, residing over the political structure, and rules by emergency. Mubarak's unwillingness to give up his presidential powers has been manifested in his reluctance to introduce political and constitutional reform. Although he has prioritised stability over political reform, Mubarak has failed to recognise that political reform is the guarantee for stability. In his fourth presidential campaign in 1999, he declared that the new term was not the time for political reform; he averred that economic as well as national stability were his priority during the following

¹⁶⁹ Martial law was applied 1952-June 56, October 1956-March 1964; June 1967- up to 1980; and finally from Sadat's assassination until the present time. See Bishri, T., "The 1952 Revolution and Democracy", in A. Dessouki (ed.), *Democracy in Egypt*, (Cairo: The American University of Cairo, Cairo Papers in Social Science, vol. 1, monograph 2, 1978), pp. 35; and See 'Abd al-Rāzīq, H., *Misr fī 18 wa 19 Yanāyir: dirāsah siyāsīyāh wathā'iqīyah* [Egypt in the Events of 18 and 19 January: A Political Documentary Study], (Cairo: Shahīd, 1985), pp. 35-37.

¹⁷⁰ Goodson, L., and S. Radwan, "Democratization in Egypt in the 1990s: Stagnant, or Merely Stalled?", *Arab Studies Quarterly*, vol. 19, no. 1, winter 1997, pp. 6.

period.¹⁷¹ However, constitutional reform is essential if democracy, which is a right of citizens rather than a grant from the ruler, is to prevail.¹⁷²

Thus, although Mubarak has identified popular participation as ‘the essential underpinning of social and economic stability’, his version of stability is a security-oriented one; and, stability remains to be a priority over democratisation.¹⁷³ Such an approach to democracy and stability has been criticised, by many Egyptian observers, on the basis that an ‘order imposed by the police and electoral measures designed to reinforce the regime is no substitute for voluntary civic obedience. Because emergency laws [restrict] freedom in the name of freedom, they [undermine] the stated goal’.¹⁷⁴ This approach guarantees neither national nor economic stability.

¹⁷¹ Tal’at, A., “Law of Political Parties in Egypt”, lecture given at the Coptic Patriarchate, Cairo, 6 August 1999.

¹⁷² Badawī, H., “Māza ba’d ’an badā’at al-sanah al-thānīyah min hukm Mubārak?! Al-gumhūrīyah al-rābi‘ah wa ahlām al-taghyīr” [What after the Second Year of Mubarak’s Rule Has Started?! The Fourth Republic and the Dreams of Change], in *Lihazā nu’ārid Mubārak* [This is Why We Oppose Mubarak], (Cairo: Al-Ahālī, 1987), pp. 88-90.

¹⁷³ On one occasion, Mubarak said: ‘Without stability, there will be no democracy at all because instability leads to disorder which conflicts with democracy ... [therefore] the first duty of those who advocate democracy is to be keen on socio-economic stability, which is the only way for democracy’. Quoted in Kassem, M., *In the Guise of Democracy: Governance in Contemporary Egypt*, (Reading: Ithaca Press, 1999), pp. 53-57.

¹⁷⁴ Lesch, A. M., “Democracy in Doses: Mubarak Launches His Second Term as President”, *Arab Studies Quarterly*, vol. 11, no. 4, fall 1989, pp. 103-104.

The Economy

A prominent feature of Mubarak's Egypt, inherited from Sadat's era, is that economics has replaced politics in the life of Egyptians.¹⁷⁵ This trend has been underscored by Mubarak, as he has emphasised the economic dilemmas of Egypt, particularly during his election campaigns, which concentrate on the president's economic achievements. Mubarak responded to Egypt's economic crisis,¹⁷⁶ which culminated in Egypt's inability to service its debt or pay its import bills, by adopting economic reforms recommended by the IMF in 1991. These reforms comprised liberalisation measures, thereby marking a further step on Sadat's path to a free market economy.

The regime realised that it could not afford to make promises of economic prosperity. Mubarak was cognisant of the fact that he could not base the legitimacy of his regime on promises of economic prosperity due to Egypt's economic dilemmas. Sadat's experience demonstrated that the failure of the regime to fulfil these promises could be costly in terms of support. In addition, Egypt's dependence on annual US aid has meant that Egypt cannot pursue an independent foreign policy, which may be inimical to US interests, such as the abrogation of the peace treaty with Israel. The alliance between Egypt and the US, initiated by Sadat, has to be maintained for the survival of the regime.

¹⁷⁵ Hirst, D., and I. Beeson, *Sadat*, (London: Faber & Faber, 1981), pp. 231.

¹⁷⁶ Egypt's economic crisis during Mubarak's rule will be discussed in the following chapter.

International

Mubarak's cautious, moderate regional and international foreign policies have constituted the major success of his policies. His achievements in foreign policy have earned him legitimacy at home, and thus, contributed to the preservation of his regime. He has followed in the steps of Sadat by adhering to the peace treaty with Israel, and maintaining the alliance with the US. However, relations between Egypt and Israel have not been 'truly' normalised due to Israel's invasion of Lebanon in 1982 and refusal to address the issues of Palestinians and settlements.¹⁷⁷

With regard to the US, Mubarak's close relations with the US have secured Egypt an annual aid of US\$3 billion, and leniency in negotiations with the IMF. Nevertheless, Mubarak's regime has on occasions distanced itself from the US to avoid compromising its national independence, and, hence, its legitimacy at home.¹⁷⁸

When Mubarak came to power, Egypt was still ousted from the Arab fold, because of the peace treaty that Sadat had signed with Israel and which had proved detrimental to his regime. Mubarak realised that Egypt could not withstand a military confrontation with Israel. Mubarak, therefore, sought Egypt's rehabilitation into the Arab world without renouncing the peace treaty. Mubarak adopted a policy

¹⁷⁷ The freezing of relations between Egypt and Israel facilitated the return of Egypt to the Arab fold. See *Egypt: Country Report, 1989-90*, (London: Economist Intelligence Unit, 1989), pp. 8.

¹⁷⁸ Baker, W., "Egypt in the Time and Space of Globalism", *Arab Studies Quarterly*, vol. 21, no. 3, summer 1999, pp. 5.

of 'peace and co-operation' in the region. It was evident that Egypt would not retreat from the path of peace chosen by Sadat. This was underlined when Egypt responded to Israel's invasion of Lebanon in 1982 by withdrawing its ambassador from Israel instead of breaking the peace treaty.

Mubarak's objective of rehabilitation into the Arab world was facilitated by the regional environment of the 1980s, due to the Iran-Iraq war (1980-88). Egypt capitalised on the opportunity by providing Iraq, throughout the war, with military weapons and ammunition worth US\$500 million.¹⁷⁹ The rehabilitation process was completed with the re-admission of Egypt into the Arab League, after the improvement of relations with Libya and the restoration of diplomatic ties with Syria and Lebanon, and the establishment of Arab Co-operation Council (ACC) with Yemen, Iraq, and Jordan in 1989. Egypt's re-admission to the Arab fold was attributed to Mubarak's wise foreign policy and his 'commitment to higher Arab interests'.¹⁸⁰

Egypt returned to the Arab fold, though, as a 'natural member' rather than a 'natural leader'. The distribution of power in the region had changed dramatically since the expulsion of Egypt from the Arab League. 'Small states [such as Jordan] have been consolidated by then and they have grown in stature. Also, Egypt was no longer the military leader it used to be with the expansion of military power of Iraq and Syria.

¹⁷⁹ Sullivan, D., "Contrary Views of Economic Diplomacy in the Arab World: Egypt", *Arab Studies Quarterly*, vol. 21, no. 4, fall 1999, pp. 73.

¹⁸⁰ Ayalon, A., "Egypt (Jumhuriyyat Misr al-'Arabiyya)", *Middle East Contemporary Survey*, vol. XIII, 1989, (Boulder: Westview Press, 1989), pp. 305-308.

The decision to return the headquarters of the Arab League to Cairo was made only in March 1990'.¹⁸¹

Mubarak's commitment to the Arab cause has been driven by two reasons, namely, seeking to be a powerful regional player, and to generate legitimacy. This is illustrated by Egypt's adherence to the peace treaty with Israel despite Israel's transgressions against the Palestinians, and its expansion in the settlements; and the regime's decision to join the US-led coalition against another Arab state, Iraq.

After its return to the Arab fold, Egypt has acted as a mediator between Israel and the Arab states, thereby assuming a leading role in promoting peace in the region. Adherence to the peace treaty with Israel has generated legitimacy for the regime for two reasons. First, peace with Israel has secured Egypt an annual aid of US\$3 billion,¹⁸² which has mitigated the severity of Egypt's economic crisis, and has, therefore, contributed to the survival of the regime. Second, peace in itself has served as an essential component of the social contract. It has saved Egypt the cost of another confrontation with Israel. Yet, the regime has not forgone Arab interests. Egyptians, who perceive themselves as an integral part of the Arab nation, command commitment of their regime to the Arab cause. Hence, Mubarak's regime has been committed to the peace process, which has promoted Egypt's position as a powerful regional player and reinforced its alliance with the US.

¹⁸¹ Ayalon, A., "Egypt (Jumhuriyyat Misr al-'Arabiyya)", *Middle East Contemporary Survey*, vol. XIII, 1989, (Boulder: Westview Press, 1989), pp. 305-308.

¹⁸² Baker, W., "Egypt in the Time and Space of Globalism", *Arab Studies Quarterly*, vol. 21, no. 3, summer 1999, pp. 5.

Mubarak's rational decision to join the US-led coalition in the aftermath of Iraqi invasion of Kuwait in 1990 has been rewarded by a debt write-off of US\$14.4 billion owed to the US, and the Gulf Arab states.¹⁸³ Although the regime has been criticised domestically for joining the US against an Arab state, Mubarak's decision has improved Egypt's economic condition, through the writing off and rescheduling of a large proportion of its external debt. This has validated the regime's decision and enhanced its legitimacy.

Furthermore, the Oslo peace accords, between the Palestinians and Israel in 1993, and the signing of a peace treaty between Israel and Jordan, in 1994,¹⁸⁴ vindicated Sadat and Mubarak's commitment to peace with Israel. As a consequence, this has earned Mubarak credit in terms of legitimacy; his rational foreign policy has been admired even by his critics.¹⁸⁵ Mubarak's achievements in foreign policy have, therefore, served as a font of legitimacy for his rule, as he has been relatively successful in meeting his obligations of the contract on the international level.

Mubarak's Social Contract

The assassination of Sadat marked the collapse of the social contract; it had to be redefined. Mubarak has realised that economic prosperity cannot be part of the new

¹⁸³ Quilliam, N., *Syria and the New World Order*, (Reading: Ithaca Press, 1999), pp. 162.

¹⁸⁴ Quilliam, N., *Syria and the New World Order*, (Reading: Ithaca Press, 1999), pp. 198-206.

¹⁸⁵ Ibrahim, S., "The Vindication of Sadat in the Arab World", *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 221-222.

formula due to Egypt's economic dilemmas. He has based his social contract on limited participation and a commitment to the Arab cause (and Palestinian case), though not to the extent of defying US interests in the region. Given the dependence of Egypt on US aid, pursuing a foreign policy of national independence to generate legitimacy for his rule is not also a possibility. Peace with Israel, therefore, has to be a main component of the new formula.

Mubarak's social contract entails peace with Israel; seeking solutions to Egypt's economic hardships, through economic liberalisation and foreign aid; limited participation; and extending patronage. Mubarak's social contract is, thus, much similar to Sadat's. Mubarak, however, has not made promises of economic prosperity; his economic liberalisation has emphasised productive *infitah* rather than consumptive *infitah*. Moreover, Mubarak has allowed more freedom of expression in order to establish democracy. Mubarak has also promised stability; yet, stability is not to stem from sound democratic institutions representing the different interests of society. It is equivalent to continuity of the regime.

In the remaining part of the chapter we will investigate the consequences of the social contract under Mubarak's rule with regard to the ruling elite, middle and lower income groups, and civil society, and state-society relations under Mubarak.

The Ruling Elite and the Social Contract

The ruling elite under Mubarak is an alliance of the *infitah* bourgeoisie as well as old bourgeoisie, bureaucrats, and the military.¹⁸⁶ However, the military has lost grounds to businessmen, who have become more influential in the decision-making process, particularly during the 1990s, with the adoption of economic reforms. They have been involved by the regime in the formulation of policies that affect their interests.¹⁸⁷

Co-operation between private businessmen and public officials continues to be a salient feature of socio-economic life in Egypt. Public officials benefit from higher salaries, which they receive for their work as managers and consultants in private enterprises. In return, they secure businessmen public resources and 'approvals' needed in order to run their businesses.¹⁸⁸ Businessmen receive 'preferential treatment' by forming joint ventures with public sector enterprises. They trade in subsidised goods instead of using them for production purposes; and they are protected by public officials. By doing so, businessmen maximise gain and

¹⁸⁶ Springborg, R., *Mubarak's Egypt: Fragmentation of the Political Order*, (Boulder: Westview Press, 1989), pp. 2-3.

¹⁸⁷ Al-Sayyid, M., "A Civil Society in Egypt?", *The Middle East Journal*, vol. 47, no. 2, spring 1993, pp. 238.

¹⁸⁸ Springborg, R., *Mubarak's Egypt: Fragmentation of the Political Order*, (Boulder: Westview Press, 1989), pp. 69-70.

minimise risk.¹⁸⁹ They remain dependent on the state for profits from rent-seeking activities.

In spite of the symbiotic relationship between the state and business elite, the state has managed to preserve its autonomy even from this influential group; and sometimes it has promoted the interests of other groups in society at the expense of this group. This is highlighted by the slow pace of the privatisation process, which constitutes a major part of economic reforms, in order not to antagonise labour and risk social unrest. Furthermore, the fact that economic reforms have been initiated by the regime in 1991, due to Egypt's economic crisis, rather than due to the submission of the state to the interests of the business elite, points to the relative autonomy enjoyed by the state from this significant interest group.¹⁹⁰

This can be partly explained by the fact that the business elite still do not form a coherent class; they seek conflicting 'goals', and they do not act in synchronisation to promote their interests. For example, there is a conflict of interests between 'industrialists' and 'importers'. Although both favour a liberal economy, industrialists prefer low tariffs on imported inputs to their production, whilst importers seek low tariffs on imported finished goods.¹⁹¹

¹⁸⁹ Youssef, S., "The Egyptian Private Sector and the Bureaucracy", *Middle Eastern Studies*, vol. 30, no. 2, April 1994, pp. 371-373.

¹⁹⁰ Zaki, M., *Egyptian Business Elites: Their Visions and Investment Behavior*, (Berlin: Konrad-Adenauer-Stiftung, 1999), pp. 132-139.

¹⁹¹ Zaki, M., *Egyptian Business Elites: Their Visions and Investment Behavior*, (Berlin: Konrad-Adenauer-Stiftung, 1999), pp. 210-211.

The business elite have, in general, welcomed the liberalisation measures adopted by the regime. Nevertheless, they have showed more interest in economic than political liberalisation. This is in spite of the fact that a liberal political environment can better serve their interests, as it will afford them more influence in policy formulation by virtue of being one of the significant interest groups in society.¹⁹² Two factors can explain this apparent lack of interest in political liberalisation.

First, businessmen are probably concerned that too much political liberalisation can empower groups that have a vested interest in the prevalent socio-economic system, which favours a large public sector and a centrally planned economy. As many of these groups, mainly middle and lower income groups, will be hurt by economic reforms, they may try to protect their interests by using the political system to hinder economic reforms. Hence, a liberal political system can impede the process of economic liberalisation to the detriment of the interests of the business elite.¹⁹³

Second, the business elite do not wish to jeopardise the 'cosy' relationship that they have managed to build with the regime by antagonising the regime over political reform, given the latter's reluctance to fully democratise the political system.¹⁹⁴

The social contract, forged by Mubarak, has, therefore, served the interests of the business elite. In particular, they have benefited from the promotion of economic

¹⁹² Hinnebusch, R., "Children of the Elite: Political Attitudes of the Westernized Bourgeoisie in Contemporary Egypt", *The Middle East Journal*, vol. 36, no. 4, autumn 1982, pp. 559.

¹⁹³ Zaki, M., *Egyptian Business Elites: Their Visions and Investment Behavior*, (Berlin: Konrad-Adenauer-Stiftung, 1999), pp. 106-108.

¹⁹⁴ Zaki, M., *Egyptian Business Elites: Their Visions and Investment Behavior*, (Berlin: Konrad-Adenauer-Stiftung, 1999), pp. 225.

liberalisation and the private sector, which has been an outcome of the alliance with the US, and persisting economic difficulties. They have also benefited from the networks of patronage that link the private sector to the public sector, and facilitate their business operations. The stability promoted by Mubarak has also created an environment suitable for conducting business. The tight grip of the regime over radical forces in society has in general preserved their interests, despite occasional damage caused by Islamic activists.

Middle and Lower Income Groups and the Social Contract

Mubarak realised that to attain political credibility, he needed to distance himself from the 'excesses' of Sadat's regime, and establish an institutional basis for his regime's legitimacy. At the beginning of his rule, Mubarak mobilised support for his regime by his anti-corruption campaign that rid the regime of 'some of the worst of the patrimonial practices' under Sadat.¹⁹⁵ Mubarak has sought to advance his legitimacy with middle and lower income groups by promising to address Egypt's economic problems, and promote democracy.

At the economic level, Mubarak has not promised economic prosperity; rather he pledged to address Egypt's economic dilemmas. Mubarak realised that given Egypt's limited resources, prosperity was no longer possible, at least in the short run. Economic reforms were imperative; these reforms entailed the downsizing of the public sector, reducing subsidies, and following contractionary monetary and

¹⁹⁵ Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 302.

fiscal policies. In spite of Mubarak's attempts to deal with Egypt's economic problems effectively 'in a scientific way' for the last twenty years, and some improvements on the macro level, most Egyptians still live in hardship. They have not felt considerable improvements in their living conditions; to the contrary, for many of them life has become more difficult with the phasing out of subsidies, which have been withdrawn slowly but steadily since the mid-1980s. These reforms have mainly helped improve the performance of the economy and increased the opportunities for gain for the private sector and the ruling elite. However, the living conditions of lower income groups have deteriorated.¹⁹⁶

Another component of Mubarak's social contract has been the consolidation of democracy. As already noted, democracy in Mubarak's Egypt has been more of a façade. Al-Sayyid argues that the façade democracy in Egypt, manifested in freedom of expression, is not motivated by a belief in democracy. Rather it is the consequence of the repressive events of 1981, which culminated in the assassination of Sadat. The regime realises that repression of all opposition forces will lead to exasperation and frustration, which can only be counterproductive, as it will drive the opposition underground, and can eventually jeopardise the regime's survival.¹⁹⁷

Thus, although Mubarak's source of legitimacy when he first came to power was legal, his rule is no longer legitimate in the eyes of many Egyptians. He has allowed no room for the rotation of power; and the NDP continues to be the dominant party.

¹⁹⁶ Cassandra, "The Impending Crisis", *Middle East Journal*, vol. 49, no. 1, winter 1995, pp. 11-13.

¹⁹⁷ Al-Sayyid, M., "A Civil Society in Egypt?", *The Middle East Journal*, vol. 47, no. 2, spring 1993, pp. 235-236.

The results of the plebiscite for granting a pledge of allegiance to the president are reported to be above 90%.¹⁹⁸ No other candidate stands for presidential elections, which implies that Mubarak is probably going to remain president for life.

All this has led the majority of Egyptians to develop a fatalistic view of the political system. Their acquiescence to the regime can be described as pragmatic. They do not like the situation – it is neither satisfactory nor ‘ideal’. Nevertheless, as things cannot be imagined to be really different, they do not resist the regime. Hence, Egyptians have shown low interest in participating in elections and political life in general. They do not have confidence in elections, so they stay away from them, in spite of government claims of turnout of 50%.¹⁹⁹

In fact, Egyptians have shown apathy towards elections and democracy in general, because they do not believe that democracy is going to solve their problems, especially the socio-economic ones.²⁰⁰ Part of the problem is caused by the government’s perception of democratisation as an ‘outlet’ for people’s anger rather

¹⁹⁸ In 1987, President Mubarak won the referendum by 97.1%, then in 1993 the result was 96.3% and finally in 1999 it was 93.8 (with a turnout of 79.2%). See *Egypt: Country Report, 4th Quarter 1999*, (London: Economist Intelligence Unit, 1999), pp. 12-13.

¹⁹⁹ Goodson, L., and S. Radwan, “Democratization in Egypt in the 1990s: Stagnant, or Merely Stalled?”, *Arab Studies Quarterly*, vol. 19, no. 1, winter 1997, pp. 12.

²⁰⁰ Korany, B., “Restricted Democratization from Above: Egypt”, in B. Korany, R. Brynen, and P. Noble (eds.), *Political Liberalization and Democratization in the Arab World*, vol. 2, (Boulder: Lynne Rienner, 1998), pp. 64.

than a means for rotation of power through free elections. Thus, it serves to contain opposition and to 'neutralise' opposition forces in society.²⁰¹

Mubarak's regime has resorted to repression to counter its *radical* opponents, mainly Islamic activists. The regime has used repression rather than 'political means' to deal with rising discontent with economic and political conditions. As Ibrahim puts it: 'The regime's favored way of dealing with discontent is to resort to security measures, followed by a state media blitz.'²⁰² The situation has been made worse by the 'near complete absence' of power rotation. The real challenge for the regime remains to be able to deal with the 'root causes' of Islamic activism and to overcome the alienation of civil society by introducing political reform.²⁰³

One can conclude that there are inherent problems and contradictions with the democracy offered by the regime. Being granted by the ruler, the ruler purports that the public is not ready for democracy. Therefore, the ruler emphasises stability and control and tries to avoid the risk of instability. The question posed by Ibrahim in the late 1970s remains relevant even more today '[t]he question is not whether the people of Egypt are ready for democracy but whether the ... [regime] is ready for

²⁰¹ Ahmad, M., "Fī al-'ām al-sādis min ri'āsat Mubārak" [In the Sixth Year of the Presidency of Mubarak], in *Lihazā nu'ārid Mubārak* [This is Why We Oppose Mubarak], (Cairo: Al-Ahālī, 1987), pp. 346.

²⁰² Ibrahim, S., "Governance and Structural Adjustment: The Egyptian Case", *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 171.

²⁰³ Ibrahim, S., "Governance and Structural Adjustment: The Egyptian Case", *Egypt, Islam, and Democracy: Twelve Critical Essays*, (Cairo: The American University in Cairo Press, 1996), pp. 171-172.

the people's participation',²⁰⁴ since that will translate into constraints on the power of the regime, and holding it accountable to the public.

The majority of middle and lower income groups have, thus, been left out of the formula of the social contract under Mubarak. Improvements in the macroeconomic performance have not translated into better economic conditions for middle and lower income groups. Furthermore, political participation has been reduced to making connections as a means to acquire resources. Those who do not have the connections ultimately lie outside the system; they have either exhibited anomie or taken an 'anti-regime' path trying to over-throw it.²⁰⁵ The educated groups in society have been unable to identify with the regime, which 'has further weakened' regime legitimacy.²⁰⁶ Many of these disenchanted groups have sought solutions to their problems in voluntary activity of the civil society.

Civil Society and the Social Contract

Mubarak's political liberalisation has basically meant more freedom manifested in freedom of the press; and the existence of sixteen political parties;²⁰⁷ and modest

²⁰⁴ Ibrahim, S., "The Socio-economic Requisites of Democracy", in A. Dessouki (ed.), *Democracy in Egypt*, (Cairo: The American University of Cairo, Cairo Papers in Social Science, vol. 1, monograph 2, 1978), pp. 55.

²⁰⁵ Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 20-21.

²⁰⁶ Jreisat, J., "Managing National Development in the Arab States", *Arab Studies Quarterly*, vol. 14, nos. 2 & 3, spring/summer 1992, pp. 8.

²⁰⁷ These parties are: National Democratic (1978), New Wafd (1978), National Progressive Unionist (1976), Socialist Labour (1978), Arab Democratic Nasserist (1992), Socialist Liberals (1976), The

expansion of PVOs, which increased from 10,731 in 1981 to 15,109 in 1992.²⁰⁸ Nevertheless, civil society is still dominated by the regime. The operation of political parties under Law 40/1977, and the replacement of Law 32/1964 by Law 153/1999, which contains the same restrictions on PVO activity as the previous law, attest to the unwillingness of the regime to lose its control over civil society.

However, the liberalisation of economy in 1991, with the adoption of economic reforms, has empowered associations of civil society vis-à-vis the state. Attempts to cut down the budget deficit have compelled the state to retrench its activities in the area of welfare provision. Downsizing of the state, along with the phasing out of subsidies, has translated into economic hardships for many who have already been struggling to sustain themselves.²⁰⁹ Not only has the state failed to meet the needs of middle and lower income groups, but it has also denied them access to legitimate channels of political participation to influence the decision-making process and protect their interests. Many associations have capitalised on this opportunity to extend their area of operations. The government has allowed them to operate, though under close supervision. It recognises the significance of the role that they can play especially in the areas of education and health services, and creation of

Nation (1983), Misr Arab Socialist (1976), Young Egypt (1991), The Egyptian Green (1991), Unionist Democratic (1991), The People's Democratic (1992), Social Justice (1993), Social Takaful (1993), National Détente (2000), and Egypt 2000 (2001). Ten of these parties gained recognition through a court ruling. See Mustafā, H., *al-Ahzāb* [The Parties], (Cairo: Al-Ahram Centre for Strategic Studies, 2000), pp. 128-130; and <http://www.ahram.org.eg/weekly/2001/529/eg5.htm>.

²⁰⁸ Zaki, M., *Civil Society and Democratization in Egypt, 1981-1994*, (Cairo: Konrad-Adenauer-Stiftung, 1995), pp. 59.

²⁰⁹ Zaki, M., *Civil Society and Democratization in Egypt, 1981-1994*, (Cairo: Konrad-Adenauer-Stiftung, 1995), pp. 165.

employment opportunities. The process has been facilitated by the support that the US and international actors, mainly, the IMF and the World Bank, lend to the PVOs.²¹⁰

Yet, the regime has been reluctant to offer associations of the civil society more autonomy in running their operations. The regime has effectively hindered these associations from sharing the burden with the state, lest their success highlights their ability to provide a viable alternative to the state, and, hence, exacerbate the legitimacy deficit already experienced by the regime. The regime probably fears that civil society may act as a vehicle for democratisation by empowering opposition forces. If these forces are allowed to operate freely, they may mobilise enough support to challenge the regime and demand more accountability and responsiveness on part of the government. This explains why, for example, the major opposition group in society that poses a direct challenge to the regime, because of its popularity, organisation, and financial resources, the Muslim Brotherhood, is still denied a legal status.²¹¹

Limited political participation and the failure of the state to deal with the economic plight of many Egyptians have led to the frustration and disillusionment of many segments of the Egyptian society, especially those at the lower end of the social strata. Some of these disenchanted groups have joined radical Islamist movements

²¹⁰ Goodson, L., and S. Radwan, "Democratization in Egypt in the 1990s: Stagnant, or Merely Stalled?", *Arab Studies Quarterly*, vol. 19, no. 1, winter 1997, pp. 13.

²¹¹ Zaki, M., *Civil Society and Democratization in Egypt, 1981-1994*, (Cairo: Konrad-Adenauer-Stiftung, 1995), pp. 112-122.

and engaged in violent actions against the state, since the early 1990s, which coincided with the initiation of the economic reforms. Most of these attacks have been directed at state officials, such as ministers, the police, along with tourists in an attempt to damage a main source of revenues for the state. These actions have also embarrassed the regime by highlighting its inability to deal with rising domestic discontent.

State-society Relations under Mubarak

According to Nordlinger's typology, one can describe Mubarak's Egypt as an *independent state*, marked by high autonomy and low support. The regime has been able to maintain the autonomy of the state from all interest groups in society, including influential ones, such as the business elite. Nevertheless, the regime has fostered the business elite, especially since the early 1990s, because of its need to generate domestic support for the adopted economic reforms. And, the business elite is the constituency that will benefit most from economic reforms.

The regime has enjoyed low support on two accounts, economic dilemmas and limited political participation. In spite of its pledge to address Egypt's economic problems, the regime has failed to ameliorate the living conditions of middle and lower income groups. The economic reform programme pursued since 1991, while benefiting the business elite, and the private sector in general, has added to the plight of many segments in society. In the absence of viable political channels, or other legitimate avenues within civil society, to influence policy formulation in

Egypt, many disenchanted groups have joined radical opposition; others have shown apathy towards the political system manifested in a low turnout at the election time. Frustration, of the intelligentsia in particular, with the regime has been exacerbated by the latter's failure to carry out political and constitutional reforms to empower the populace in order to influence policy formulation, in spite of its continuous rhetoric of establishing a democratic system in Egypt.

Conclusion

In this chapter we have used social contract theory to explain the legitimacy of political regimes in Egypt since 1952. According to contract theorists, citizens make an express or tacit agreement with their ruler to promote certain moral objectives. A ruler has the right to citizens' obedience as long as he/she fulfils his/her obligations. Nevertheless, if he/she fails to meet these obligations, citizens have a right to resist his/her authority.

We argued that Egyptian rulers, since the 1952 revolution, have attempted to mobilise support for their rule, and contain all their opponents, by forging a social contract with their populations. The social contract was based upon an exchange between citizens and rulers. Citizens gave up their right to political participation for the achievement of certain domestic and foreign policy objectives dictated by the visions of these regimes.

Since 1952, Egypt has known three rulers with differing 'socio-political orientations', and visions for their country. This has been reflected in their domestic, economic and foreign policies. Nasir, who sought to establish Egypt as a powerful regional player and to secure its national and economic independence, pursued a foreign policy based upon nationalism and non-alignment. This policy was inimical to Western interests. Domestically, Nasir favoured a unity of social forces and centralisation; thereupon, he abolished political parties and established a centrally planned economy.

Sadat was disposed to allying Egypt with the West. He, therefore, adopted policies that promoted the image of Egypt as a liberal state. He opened up the economy through *infitah*, reintroduced a multiparty system, and sought peace with Israel. Thus, he brought Egypt into the Western sphere of influence, especially through dependence on foreign aid.

Mubarak's lack of a vision, when he rose to power, has been reflected in his pledge to establish a democratic system, ensure stability, and address Egypt's economic problems. His determination to preserve the presidential powers that he inherited from Nasir and Sadat has been manifested in his stress on stability without political or constitutional reform. He realises that his regime cannot survive without foreign aid to secure food imports; thus, he cannot pursue an independent foreign policy from the US. The economic reforms adopted since 1991, as will be discussed in the next chapter, were not motivated by a belief in a market economy, but rather as a response to Egypt's economic crisis, and negotiations with the IMF, which tied loans to economic reforms.

Egyptian regimes have secured the acquiescence of their populations as long as they have been able to meet their obligations. When regimes failed to meet their obligations, Egyptians resisted their regimes through riots and rising demands for liberties. Reluctant to surrender their powers, Egyptian regimes have tried to modify the terms of the contract in order to hold on to power and legitimise their rule.

Throughout the process, regimes since 1952 have managed to empower the office of the President rather than Egyptian citizens.²¹² The President, who has portrayed himself as the guardian of the common good of society, resides over all forces and institutions in society. He enjoys considerable constitutional powers, and has often ruled by decree.²¹³

The president tends to 'treat the state as if it were his private property, and the citizens his political dependents'. This has led the opposition to criticise the president who treats them as subjects rather than citizens with rights. It is the president who knows the good of his subjects and works for their interest.²¹⁴

The analysis of the social contract in Egypt since 1952 has highlighted the different implications of the formulae of the social contract of the three regimes for three

²¹² al-Hakīm, T., *'Awdat al-wa'yī* [The Return of Consciousness], (Cairo: Dār al-Shurūq, 1974), pp. 70-71.

²¹³ Zaki, M., *Egyptian Business Elites: Their Visions and Investment Behavior*, (Berlin: Konrad-Adenauer-Stiftung, 1999), pp. 118.

²¹⁴ Sa'd al-Dīn, I., "al-Mushārahah fī al-mas'ūliyah wa mas'ūliyat al-qarār" [Participating in the Responsibility and the Responsibility of Decision], in *Lihazā nu'ārid Mubārak* [This is Why We Oppose Mubarak], (Cairo: Al-Ahālī, 1987), pp. 462.

groups in society, namely, the ruling elite, middle and lower income groups, and civil society.

The change in the vision of the regime has involved a shift in the composition of the ruling elite under the three regimes away from the military and towards businessmen. Under the rule of the three Egyptian leaders, the ruling elite have managed to accumulate enough economic and political power to protect their interests, although they have not become totally autonomous. This is because the executive headed by the President has continued to preside over all forces in society.

Middle and lower income groups have given up their right to political participation for the sake of nationalism, social justice, and economic prosperity. However, as Egyptian regimes have failed to achieve most of these objectives, these groups have protested and demanded more liberties. Their protests against the regimes have been the main cause behind the redefinition of the social contract in Egypt.

The state has been trying, since 1952, to 'suppress' civil society on the grounds that internal security should be a priority for different objectives, mainly, 'true independence, Arab unity, socialism, development, and most importantly victory over Israel'. However, 'the state has exhausted itself', and has failed in achieving all of these objectives.²¹⁵ Hence, different forces in society have challenged the state

²¹⁵ Ibrahim, I., "Forecast for the Future: State and Society in Egypt, Sudan, and Libya in 1995", in H. Sharabi (ed.), *The Next Arab Decade: Alternative Futures*, (Boulder: Westview Press, 1988), pp. 15-16.

and demanded more autonomy to allow them to cater for the needs of the groups abandoned by the state.

Civil society has been struggling to reassert itself vis-à-vis the state and gain more autonomy. This has posed a dilemma for Egyptian regimes. The regime recognises the importance of an outlet to society, and the need for an active civil society that can share the burden of providing for middle and lower income groups with the state. Nevertheless, the regime is also cognisant of the fact that affording civil society too much autonomy can jeopardise the survival of the regime, as the civil society may challenge the regime. Furthermore, a prosperous civil society can speed up the process of alienation, as members and beneficiaries of this civil society become critical of the state, which cannot provide for them and denies them participation. Consequently, the state and the regime will lose out in terms of legitimacy, which is already weak. Hence, Egyptian regimes since the revolution of 1952 have tried continuously to co-opt potentially active groups who might otherwise threaten the system, such as professional syndicates, labour unions, and political parties.

A major area of challenge for the state since 1952 has been welfare provision. Since Nasir's rule, the state has promoted itself as the patron of disadvantaged groups in society by embracing welfare policies. Welfare provision has been the cornerstone of Nasir's contract with middle and lower income groups. Sadat's attempt to tamper with welfare policies highlighted the centrality of these policies to the social contract in Egypt. Realising this, Sadat expanded in welfare provision, especially food subsidies.

Thus, the abandonment of welfare provision will translate into immediate deficit in legitimacy for the regime, which can threaten its survival. Therefore, Mubarak's regime, when faced with economic difficulties, has had to be cautious in addressing the issue of retreat from welfare provision. This is underscored by the fact that the alternative provider, civil society, sets a challenge to the state as it testifies to the failure of the state to carry out its 'declared' commitment to care for its citizens.

In the following chapter, we will examine the rise, expansion and retrenchment of the welfare state in Egypt as a major component of the social contract. Egyptian regimes, since 1952, have introduced welfare policies, mainly financed through foreign aid and other forms of rent. Nevertheless, as the resources of the state have dried up, these policies have become a heavy burden on the state;²¹⁶ and it has tried to retreat. The inability of the regime to fulfil its welfare obligations has led to rising demands for more participation and political liberalisation.²¹⁷

²¹⁶ Springborg, R., *Mubarak's Egypt: Fragmentation of the Political Order*, (Boulder: Westview Press, 1989), pp. 10.

²¹⁷ Brumberg, D., "Survival Strategies vs. Democratic Bargains: The Politics of Economic Reform in Contemporary Egypt", *The Politics of Economic Reform in the Middle East*, in H. Barkey (ed.), (New York: St. Martin's Press, 1992), pp. 76-78.

Chapter Four

The Welfare State:

The Egyptian Case

Introduction

In chapter two, we proposed that the welfare state emerged in the West due to a combination of factors, such as industrialisation, modernisation, and a struggle of the working class for their rights. Marxists argue that the welfare state has been an instrument of the capitalist class, serving two purposes. First, the welfare state has supplied the capitalist system, through the provision of free education and health care, with the required healthy, skilled labour, and, therefore, has contributed to the process of capital accumulation. Second, the provision of welfare products to the working class has eliminated a potential source of resentment that could have rocked the capitalist system of production.

We concluded that the Western welfare state is a manifestation of the social contract because its principal aim is to promote social cohesion and peace in society. We demonstrated how the Western welfare state has evolved, especially

after World War II, due to the advocacy of right to welfare based on citizenship by Marshall and Titmuss. As all members of society share the same risk in time of war, they must share it in time of peace. Hence, the state has tried to reconcile the interests of all members of society, through the regulation of capital-labour relations, and the distribution of resources in order to maintain social cohesion. In effect, the welfare state has acted as a means to insure members of society against the risk of unemployment, poverty, or illness.

It was also suggested in chapter two, that the threat to the social contract in Western societies emanates from the retrenchment of the state, and, consequently, the undermining of the social cohesion that underlies the welfare state. As the Western state has faced escalating fiscal pressures, it has retreated from the market, through deregulation of capital-labour relations, downsizing the public sector, and reduction of welfare provision. Consequently, conflict has re-emerged between capital and labour, manifested in rising demonstrations against globalisation, as labour is left to negotiate the distribution of resources in society.

Since the main purpose of this research is to study the durability of the social contract based upon welfare provision in Egypt, as an example of an LDC welfare state, we will focus, in this chapter, on the Egyptian welfare state. The researcher argues that a social contract based on this formula has not been durable in Egypt for two reasons. First, it has not enhanced social peace and solidarity among citizens. This is because except for the rhetoric of the regime that welfare is based upon citizenship rights, social rights and obligations are not promoted in society. The absence of political rights means that the populace has no power to influence the

decision-making process; and, hence, it has no stake in the political system. Second, the social contract is conditioned by the availability of resources. Once resources have been exhausted, the regime will attempt to curtail the welfare state, thereby, undermining the source of its legitimacy.

The author of this research argues that Egyptian regimes, since 1952, have used welfare provision as a central component of their social contract with their populations to legitimise their rule. It was argued in the previous chapter that although Egyptian regimes since the 1952 revolution have redefined the social contract continuously, welfare has remained a principal obligation of the regime. Egyptian regimes have offered welfare products as an inducement to middle and lower income groups, in order to expand their autonomy vis-à-vis society.

This path, however, has proved too costly for these regimes in terms of legitimacy, when the regime tried to curtail the welfare state. The recipients of welfare products have been unwilling to give up their entitlement to these products, which they perceived as their right. Facing popular resistance, regimes have had two options, to reinstate welfare programmes, which has only postponed the problem, or redefine the terms of the social contract.

The purpose of this chapter is to examine the relevance of the welfare state to the social contract in Egypt since 1952. In particular, we will investigate whether the welfare state has contributed to the durability of the social contract, and accordingly, regime legitimacy, in Egypt. In order to do this, we need to examine the welfare state in Egypt since the revolution of 1952. We will discuss the rise,

expansion, and retrenchment of the Egyptian welfare state. We will explore the aim behind the adoption of welfare policies in Egypt. We will demonstrate how Egyptian regimes, since 1952 revolution, have manipulated social policy, especially in the areas of food subsidies, education, and health care, in order to consolidate their rule and acquire the support of their populations. But before we examine welfare policies in Egypt, we need to consider whether Egypt qualifies as a welfare state.

A Welfare State in Egypt?

To be able to answer the question whether there is a welfare state in Egypt, we need to examine the Egyptian experience in the light of the definition of the welfare state proposed in chapter two. We defined the welfare state as a state that provides 'benefits' in cash or kind, such as social security, health, education, and housing, *selectively*, to specific individuals, or *universally*, to all citizens, not in exchange for their contribution to the national output.

According to this definition, the Egyptian state can be described as a welfare state. For example, the state in Egypt provides *universally* 'free' education, at least in theory, and 'almost' free health care, regardless of the efficiency and quality of these services. None of these products are offered in exchange for output.

Although Egypt can be identified as a welfare state, it differs from Western welfare states. In the Egyptian case, the populace have exchanged political liberties for

welfare gains.¹ The welfare state has not been a means to maintain social cohesion, as in Western states, but to preserve social peace without sharing social duties and responsibilities. In fact, welfare provision by the state has been manipulated by the regime to serve two objectives: to suppress civil society, and replace political participation. As the state has assumed one of the main functions of civil society, civil society has been neglected. Moreover, as welfare was already provided by the state, there was no need for political participation; hence, participation was reduced to receiving welfare products.

This type of exchange has been condemned by contractarians, such as Kant and Rawls, for whom liberty takes precedence over welfare. They identify the main function of the state to promote liberty. However, in the absence of democratic institutions that can generate stability, Egyptian regimes have sought to consolidate and prolong their rule by using this formula as the basis of the social contract.

Egyptian regimes have marketed welfare programmes to their population as a *right* based upon citizenship; effectively, 'citizens' have traded one right (political liberty) for another (welfare). Welfare policies were introduced as part of a national project of attaining national and economic independence. The regime sought to mobilise support for its national project by extending welfare benefits to the population. Slogans of social justice and citizenship rights appealed to the majority of Egyptians who had suffered from discriminatory policies under the monarchical rule and the British occupation. Legitimacy generated through this exchange,

¹ Murphy, E., "Legitimacy and Economic Reform in the Arab World", *The Journal of North African Studies*, vol. 3, no. 3, autumn 1998, pp. 77.

however, has been so fragile, in comparison to legitimacy in Western societies. This is because the Western social contract is based upon promoting moral values within society, such as maintaining solidarity and social cohesion. Also, the Western welfare state has flourished in societies where the state respected liberties.

Egyptian regimes, on the other hand, have superimposed the notion of right to welfare based on citizenship on society. Social rights have no roots in society; they did not evolve from a moral and philosophical proclivity within society. Social rights, as argued by Marshall, form the final step in the process of rights; civil and political rights precede social rights in this process. Furthermore, welfare has been emphasised as a right based on citizenship, but the rights of citizenship have not been tied to obligations of citizenship, such as respect for law and order. The welfare state has afforded Egyptian regimes the opportunity to gain the support of their beneficiaries at the expense of liberties and power sharing.

Welfare policies have formed part of the social contract since the 1952 revolution. Egyptian regimes, since 1952, have drawn a social contract with their populations in order to legitimise their rule. The three successive Egyptian regimes have adopted various welfare policies in the name of equity and social justice, in order to establish a large base of support. The formula of the contract has been redefined continuously because of changes in regimes' visions and dispositions, as well as because of differing national and international circumstances to which they have had to adjust, as pointed out in the previous chapter.

In this chapter, we will consider how welfare provision has served the purpose of the social contract formulae of the three regimes. This will highlight the difference between the development of the Western welfare state and the Egyptian one.

The Egyptian welfare state, like its Western counterpart, has passed through three main phases: rise; expansion; and retrenchment. Interestingly, these three phases correspond to Egypt's three leaders since the revolution. We will examine these phases below; we will discuss the socio-economic conditions that led to the rise, expansion and retrenchment of the welfare state by focusing on social welfare policies in the areas of food subsidies, education, and health care. We will then relate the welfare state to the formulae of the social contract of these three regimes.

Nasir: The Rise of the Welfare State

In order to understand the reasons behind the emergence of the welfare state in Nasir's Egypt, we need to relate it to the social contract drawn between the regime and society after the revolution of 1952. As was outlined in the previous chapter, Nasir's social contract with society was based upon attaining national and economic independence, and extending patronage and welfare to the population in exchange for their liberties and right to political participation. This enabled the regime to maintain its autonomy in order to steer the country according to its vision.² We argued that Nasir's vision encompassed national and economic independence. He

² Baker, R., *Egypt's Uncertain Revolution under Nasser and Sadat*, (Cambridge: Harvard University Press, 1978), pp. 235-239.

embraced different strategies, such as Arab nationalism, anti-imperialism, and non-alignment, to attain his objectives.

This formula of the social contract served as a basis for the legitimacy of Nasir's rule. Social policy, in the name of social justice and income distribution, was employed by the regime as a tool to enhance its legitimacy and autonomy vis-à-vis society. The new regime that came to power after the 1952 coup d'état declared establishing social justice as one of its six aims. The regime proclaimed that the wide gap between the rich and the poor emanated from the exploitation of the large poor population by the capitalist elite. For example, by 1950, 44% of rural families were landless, whereas 0.4% owned 35% of the total cultivated area. Therefore, only 1% of landowners controlled 72% of agricultural land.³

Nasir's regime pledged to establish social justice by improving the standard of living of middle and lower income groups.⁴ At the beginning of its rule, Nasir's regime applied a mixture of, *tangible* and *intangible*, re-distributive policies, which were financed through taxes and social insurance schemes, rather than commodity subsidy.⁵ Since the late 1950s, and particularly after embracing socialism as an ideology of the state, Nasir's regime employed transfer policies, such as social

³ Waterbury, J., *The Egypt of Nasser and Sadat: The Political Economy of Two Regimes*, (Princeton: Princeton University Press, 1983), pp. 207.

⁴ Amin, G., *Egypt's Economic Predicament: A Study in the Interaction of External Pressure, Political Folly and Social Tension in Egypt, 1960-1990*, (Leiden: Brill, 1995), pp. 121-122.

⁵ Weinbaum, M., *Egypt and the Politics of U.S. Economic Aid*, (Boulder: Westview Press, 1986), pp. 131.

security, extensive food subsidy programmes, free education, and public health care, in order to influence income distribution in society and bring about equity.⁶

Welfare provision expanded under Nasir after the regime had adopted socialism as an ideology of the state. Socialism in the Egyptian experience was the result of the pragmatism of the regime, rather than a belief in socialist ideology. The decision to embrace socialism was motivated by two sets of factors. First, the private sector proved to be unwilling or unable to carry out its role in economic development. This can be mainly attributed to Nasir's land reforms and nationalisation policies that antagonised and curtailed the economic power of the capitalist class. As a consequence, the state had to assume a larger role in the development process to fill the vacuum left by the diminishing private sector. Second, the affinity between Egypt and socialist countries and member states of the non-alignment movement, which sought development of their economies independent of international powers, propelled Nasir to adopt socialist policies.⁷

Nasir's Socialism

In 1957, the National Union introduced the term 'socialism' as a major component of the ideology of the state. It announced that the state would adopt a socialist, co-

⁶ Ikram, K., *Egypt: Economic Management in a Period of Transition*, (Washington, D.C.: John Hopkins University Press for IBRD, 1980), pp. 23.

⁷ Al-Biblawy, H., *Dūr al-dawlah fī al-iqtisād* [The Role of the State in the Economy], (Cairo: General Egyptian Book Organisation, 1991), pp. 209.

operative, and democratic approach to development.⁸ Socialism was conceived as industrialisation carried out through the co-operative efforts of the workers and employers, with the help of the state.⁹

According to Nasir's version of socialism, with regards to welfare provision, the state should provide a minimum level of welfare.¹⁰ In fact, Nasir emphasised industrialisation even at the expense of welfare provision. This was highlighted in his speech, during the inauguration of the Iron and Steel complex in Hilwan:

Thus, if a factory is built near a village, there is no need to spend half a million or a quarter of a million pounds on the construction of living quarters for the workmen, they should try to accommodate themselves in the village and this half a million pounds should be used instead in the construction of another factory . . . In my opinion, it is better to have work for an unemployed worker than build a house for a workman who has a job already, for an unemployed worker is a burden on the state.¹¹

This speech reveals Nasir's priorities in terms of welfare and economic growth. According to Nasir, industrialisation and economic growth had to take precedence over welfare provision. His proposition that the workmen should accommodate themselves in the village suggests Nasir's preference for a larger role for civil society in welfare provision, thereby allowing the state to allocate resources to industrialisation rather than welfare. However, Nasir's regime controlled liberties,

⁸ Wahba, M., *The Role of the State in the Egyptian Economy: 1945-1981*, (Reading: Ithaca Press, 1994), pp. 78.

⁹ Ata Alla, M., *Arab Struggle for Economic Independence*, (Moscow: Progress Publishers, 1974), pp. 46.

¹⁰ Wahba, M., *The Role of the State in the Egyptian Economy: 1945-1981*, (Reading: Ithaca Press, 1994), pp. 75.

¹¹ Wahba, M., *The Role of the State in the Egyptian Economy: 1945-1981*, (Reading: Ithaca Press, 1994), pp. 76.

which is a prerequisite for a dynamic civil society that could play the role envisaged by Nasir in his speech.

As pointed out in the previous chapter, the state's dominance in socio-economic life and its encroachment upon liberties led to the suppression of civil society. Furthermore, the abolition of political parties and their replacement by a single organisation and the emphasis of the regime on unity of social forces proved to be detrimental to pluralism, which is dependent upon respect for liberties. Thus, the regime failed to create an environment conducive to the operation of a dynamic civil society capable of sharing the burden of welfare provision with the state. Alternatively, the regime sought to promote itself and the state as the provider of welfare based on *citizenship rights*. One can argue that the regime chose this model of welfare provision to make beneficiaries of the system dependent upon the state.

The Five-year Plan

In order to transform the economy into a 'socialist, democratic, and co-operative society', the regime launched a five-year plan in 1959/60-64/65.¹² The plan was hoped to be a major step in the path of economic growth accompanied by a rising welfare. The objectives of the plan amounted to the following:

1. doubling national income over a ten-year period;
2. expansion of employment opportunities;

¹² O'Brien, P., *The Revolution in Egypt's Economic System: From Private Enterprise to Socialism 1952-1962*, (London: Oxford University Press, 1966), pp. 236.

3. achievement of more social equality in terms of opportunities and income distribution.¹³

However, the plan was not successful as was hoped, and national product grew only by 60%.¹⁴ Furthermore, the economy suffered from a serious deterioration in the balance of payments, as the deficit rose from £E42 million in 1959 to £E128 million in 1964, and the balance of trade deficit increased from £E65 million in 1959 to £E180 million in 1964, resulting in a reduction in output.¹⁵ This deficit can be partly attributed to the expansion in welfare provision and the fast population growth.¹⁶

Hence, the regime started to shift towards a liberal economy in the early 1960s; and Egypt had to negotiate with the IMF in 1962 because of its balance of payments crisis. Consequently, the pound was devalued, whereupon Egypt received a standby credit.¹⁷ However, as soon as the crisis 'abated', the regime reverted to its socialist policies, to maintain its credibility. The public sector was allowed to expand and more private property was expropriated in 1963 and 1964.¹⁸

¹³ Mabro, R., *The Egyptian Economy: 1952-1972*, (Oxford: Clarendon Press, 1974), pp. 115-123.

¹⁴ *QER, Egypt: Annual Supplement 1974*, (London: The Economist Intelligence Unit, 1974), pp. 4.

¹⁵ *QER, Egypt: Annual Supplement 1964*, (London: The Economist Intelligence Unit, 1964, 1967), pp. 13; and *QER, Egypt: Annual Supplement 1967*, (London: The Economist Intelligence Unit, 1964, 1967), pp. 19.

¹⁶ The population was growing at a rate of 2.54% between 1960 and 1970. *QER, Egypt: Annual Supplement 1974*, (London: The Economist Intelligence Unit, 1974), pp. 5.

¹⁷ Mabro, R., *The Egyptian Economy: 1952-1972*, (Oxford: Clarendon Press, 1974), pp. 176.

¹⁸ Posusney, M., *Labor and the State in Egypt: Workers, Unions, and Economic Restructuring*, (New York: Columbia University Press, 1997), pp. 168.

In spite of the rising deficit in the current account, Egypt could afford large imports until the mid-1960s because of US foreign aid. When this aid was withdrawn in 1965, due to the tension between the US and Nasir, the quantity of imports and, accordingly, the level of investment dropped.¹⁹

Thereupon, the process of state retrenchment started, in 1965, as Nasir appointed Zakarīya Muhyī al-Dīn as Prime Minister who introduced price and tax raises, and a reduction in consumer subsidies. In addition, he encouraged private investment, tried to reduce imports and reschedule the repayment of short-term foreign debt.²⁰ He also restarted negotiations with the IMF, which required the further devaluation of the pound by 40%. Again Nasir retreated, dismissing Muhyī al-Dīn and cancelling the agreement with the IMF, due to mounting social pressures.²¹ However, no further socialist measures were introduced after mid 1965.²²

After we have outlined the orientations of Nasir's regime, especially towards social equity and welfare provision, we will now examine some of the principal welfare policies extended under Nasir. These include, land reforms, and social welfare.

¹⁹ Mabro, R., *The Egyptian Economy: 1952-1972*, (Oxford: Clarendon Press, 1974), pp. 176.

²⁰ Hosseinzadeh, E., "How Egyptian State Capitalism Reverted to Market Capitalism", *Arab Studies Quarterly*, vol. 10, no. 3, spring 1988, pp. 311.

²¹ Posusney, M., *Labor and the State in Egypt: Workers, Unions, and Economic Restructuring*, (New York: Columbia University Press, 1997), pp. 168-169.

²² Posusney, M., *Labor and the State in Egypt: Workers, Unions, and Economic Restructuring*, (New York: Columbia University Press, 1997), pp. 131.

Land Reforms

One of the first measures used by the 1952 regime to address socio-economic inequalities in Egypt were land reforms. The declared objective of the land reforms in 1952 was to 'build Egyptian Society on a new basis by providing free life and dignity to each peasant and by abolishing the wide gap between classes and by removing an important cause of social and political instability'.²³ Land reforms served three main purposes, namely, to redistribute 'rural resources'; to diminish the political power of landowning elite; and to use agricultural surplus for industrialisation.²⁴

The reform laws of 1952 limited individual landownership to 200 feddans and assigned small plots of land, of 2-5 feddans, to landless peasants. In 1961, individual landownership was further reduced to 100 feddans, and finally it was cut down to 50 feddans in 1969.²⁵ The impact of these land reforms was a distribution of 13% of the cultivated land to 9% of the peasants. However, the main

²³ Land Reform Act No. 178, 9 September 1952 quoted in Bush, R., *Economic Crisis and the Politics of Reform in Egypt*, (Boulder: Westview Press, 1999), pp. 13.

²⁴ Bush, R., *Economic Crisis and the Politics of Reform in Egypt*, (Boulder: Westview Press, 1999), pp. 11.

²⁵ For a detailed account of the agrarian reform consult: Mabro, R., *The Egyptian Economy: 1952-1972*, (Oxford: Clarendon Press, 1974), pp. 58-82. See also: Vatikiotis, P., "Some Political Consequences of the 1952 Revolution in Egypt", in P. Holt (ed.), *Political and Social Change in Modern Egypt: Historical Studies from the Ottoman Conquest to the United Arab Republic*, (London: Oxford University Press, 1968), pp. 375.

beneficiaries of land reform were the middle class landowners, because of their connections with public local officials, rather than landless peasants.²⁶

Through land reforms, the regime tried to co-opt the peasantry into the political process, and generate support for its rule in the countryside. Accordingly, agricultural co-operatives were established to organise production and market agricultural crops. In addition, co-operatives provided interest-free loans, seeds, fertilisers, and technical advice to peasants. Interest, however, was reintroduced after the defeat in 1967.²⁷

Social Welfare

Social welfare under Nasir included mainly *tangible* services in the form of in-kind products, such as food subsidies, education and health care. Nasir's 1957 Charter endorsed the state's commitment to welfare provision. The Charter highlighted the rights of citizens to social welfare, such as education, health care, employment, and social insurance for the elderly.²⁸ The right to welfare based on citizenship was consolidated in the 1962 Charter. It stated:

the right of each citizen to free medical care, whether treatment or medicine, would not become a commodity for sale and purchase ... The right of each citizen to receive

²⁶ Dessouki, A., "The Politics of Income Distribution in Egypt", in G. Abdel-Khalek, and R. Tignor (eds.), *The Political Economy of Income Distribution in Egypt*, (New York: Holmes & Meier, 1982), pp. 64-66.

²⁷ Mabro, R., *The Egyptian Economy: 1952-1972*, (Oxford: Clarendon Press, 1974), pp. 60-77.

²⁸ Aoudé, I., "From National Bourgeois Development to *Infitah*: Egypt 1952-1992", *Arab Studies Quarterly*, vol. 16, no. 1, winter 1994, pp. 8.

education. The right of each citizen to secure a job ... Insurance against old age and sickness must be provided.²⁹

The Charter found resonance with segments of the population who had not been privileged under monarchical rule and the British occupation. The discourse of the regime emphasised that it was one of the functions of the state to provide for its citizens. The regime repeatedly claimed that social and class differences had been eliminated from society with the 1952 revolution, as all citizens had a right to free education and public health care.

The state took over the traditional role of family and associations of civil society, which were active prior to the revolution, in welfare provision. Accordingly, civil society was overshadowed by the state under Nasir. The right to welfare was guaranteed by the state through *universal* provision of welfare products, such as food subsidies, free education and public health care. The regime aimed, through this system, to promote equality and social justice in society, as all citizens received the same benefits regardless of their economic ability. Consequently, Egyptians came to perceive welfare goods and services as their rights.

Food Subsidies

The regime also tried to influence the distribution of income in urban areas by controlling the prices of necessities through subsidies.³⁰ A subsidy is a system

²⁹ Quoted in Ata Alla, M., *Arab Struggle for Independence*, (Moscow: Progress Publishers, 1974), pp. 52.

whereby products are sold at a price below/above their price as determined by the forces of supply and demand.³¹

Subsidies are offered by the state to support certain groups in society. Although the state usually bears the cost of subsidy, this is not always the case; sometimes other parties have to bear the cost. For example, when farmers are obliged to sell their produce at a price lower than the market price, in this case, the subsidy is borne by farmers (producers).³²

Subsidies have been used, by both developed and developing states, to protect consumers against price fluctuations. They are usually employed as a means of providing a minimum level of certain products, identified as necessities, to lower income groups in society. Subsidies act as an income transfer,³³ as subsidised products are offered to lower income groups at a price lower than their production cost or market price.³⁴

³⁰ O'Brien, P., *The Revolution in Egypt's Economic System: From Private Enterprise to Socialism 1952-1962*, (London: Oxford University Press, 1966), pp. 243.

³¹ Alderman, H., and J. Von Braun, *The Effects of the Egyptian Food Ration and Subsidy System on Income Distribution and Consumption*, (Washington, D.C.: International Food Policy Research Institute, 1984), pp. 83.

³² *Da'm al-aghniyā' wa da'm al-fuqarā'* [The Subsidy of the Rich and the Subsidy of the Poor], (Cairo: al-Ahālī, 1985), pp. 21.

³³ Alderman, H., and J. Von Braun, *The Effects of the Egyptian Food Ration and Subsidy System on Income Distribution and Consumption*, (Washington, D.C.: International Food Policy Research Institute, 1984), pp. 98.

³⁴ al-ʿĪsawī, I., *al-Da'm* [The Subsidy], (Cairo: Dār al-Mawqif al-ʿArabī, 1987), pp. 32.

Consumer subsidies were introduced in Egypt in 1942, during World War II, when certain commodities, such as oil, sugar, tea, and kerosene, were offered *universally* to all consumers through a rationing system at a subsidised price. The system was not targeted at the poor.³⁵ The rationing system was designed to help the population adjust to the wartime economic pressures. It helped consumers in two ways: by offering commodities at a relatively cheaper price to protect them against inflation; and by guaranteeing rationed quantities to protect consumers against commodity shortages.³⁶ Subsidies amounted to less than E£1 million in 1945, and remained more or less stable during the 1950s, due to the stability of world food prices.³⁷

By 1960, consumer subsidies had expanded to reach E£9 million.³⁸ Ration cards were used extensively for food items, especially flour, after the mid-1960s. This was due to the suspension of the PL480 (food aid) programme in 1966, which resulted in the shortage of wheat, caused by the deterioration in Egypt's relations

³⁵ Ali, S., and Adams, R., "The Egyptian Food Subsidy System: Operation and Effects on Income Distribution", *World Development*, vol. 24, no. 11, November 1996, pp. 1778.

³⁶ *Egypt Human Development Report 1997/98*, (Cairo: Institute of National Planning, 1998), pp. 68.

³⁷ *Economic Bulletin*, vol. xxxiv, no. 3, (Cairo: The National Bank of Egypt, 1981), pp. 128.

³⁸ *Egypt Human Development Report 1997/98*, (Cairo: Institute of National Planning, 1998), pp. 68.

with the US.³⁹ The situation was exacerbated by the stagnation of exports and the rise in military expenditure after the military defeat of 1967.⁴⁰

The 1967 defeat signified the need to redefine of the social contract. The significance of the defeat is not only that it dealt a severe blow to the deteriorating economy, but it also caused a crack in the already weak legitimacy of the regime. Most Egyptians had placed their faith in their leader and had given up their right to participate in the political process and establish a democratic system because they believed he would deliver the nation to the promised national and economic independence. This vision collapsed with the defeat, and the regime had to tap other sources, such as food subsidies and introducing some liberalisation measures, in order to protect its credibility and preserve its survival.

The defeat of 1967 resulted in a major disappointment for the population with the failure of the grand project of national independence. Nasir responded to this disappointment by expanding the subsidy. He aimed to prevent prices from being a 'source of resentment' in order to save his popularity. Accordingly, in 1969, the subsidy went up to E£11.6 million, most of which was devoted to bread and edible oil.⁴¹

³⁹ PL480, The Agricultural Trade Development and Assistant Act (Food for Peace), is an US aid programme that was originally designed 'to dispose of surplus US food commodities on concessionary terms to client states' to assist US farmers in facing hardships due to falling prices of commodities and overproduction. It has usually been used by the US as a means to promote its strategic interests, by exerting pressure on recipient states to comply with the demands of the US. See Bush, R., *Economic Crisis and the Politics of Reform in Egypt*, (Boulder: Westview Press, 1999), pp. 19-22.

⁴⁰ Mabro, R., *The Egyptian Economy: 1952-1972*, (Oxford: Clarendon Press, 1974), pp. 176.

⁴¹ *Economic Bulletin*, vol. xxxiv, no. 3, (Cairo: The National Bank of Egypt, 1981), pp. 129.

Thus, by the end of Nasir's rule, in 1970-71, state expenditure on consumer subsidies reached E£23 million, 75% of which went to food commodities.⁴² Although consumer subsidies provided modest benefits to consumers, in per capita terms, they constituted a serious burden on the public purse in the aggregate.⁴³

Education

The second major component of Nasir's social welfare was education. The regime extended *universal* free education, at all levels of education, to achieve two objectives, namely, to transform the economy and society, and to generate support.⁴⁴ As Nasir's nationalist regime believed that education was 'stifled' under the British occupation, education represented a priority on its agenda.⁴⁵ Education was identified as an essential means for development and economic growth by supplying the required manpower, especially in technical fields. Furthermore, the regime manipulated education to exercise *hegemony* over society; school curricula were used to mobilise support for the vision of the regime. For example, the curricula stressed the Arab struggle against Western occupation and Zionism. Also education was used as a means to emphasise the achievements of the revolution.⁴⁶

⁴² *Egypt Human Development Report 1997/98*, (Cairo: Institute of National Planning, 1998), pp. 68.

⁴³ Lal, D., and H. Myint, *The Political Economy of Poverty, Equity, and Growth: A Comparative Study*, (Oxford: Clarendon Press, 1996), pp. 170.

⁴⁴ Hopwood, D., *Egypt: Politics and Society 1945-90*, (London: HarperCollins, 1991), pp. 136-138.

⁴⁵ Mansfield, P., *Nasser's Egypt*, (Harmondsworth: Penguin, 1965), pp. 120.

⁴⁶ Szyliowicz, J., *Education and Modernization in the Middle East*, (Ithaca: Cornell University Press, 1973), pp. 278-280.

Furthermore, the regime raised the aspirations and expectations of Egyptians by guaranteeing employment for high school and university graduates. Education was, therefore, highlighted as a means of social mobility.⁴⁷ Free education was welcomed by lower income groups, who could not afford education for all their children before the revolution. To them, free education meant 'enlightenment, upward mobility, respectability', and better job opportunities.⁴⁸

According to Ibrahim, upward mobility was at its peak between the mid-1950s and mid-1960s, due to the expansion in free education. The process of mobility was enhanced by the commitment of the regime to guaranteed employment for graduates.⁴⁹ The regime was able, at least temporarily, to meet its obligation of guaranteed employment because of the expansion in the role of the state in socio-economic life, as it led industrialisation and undertook large-scale projects that created job opportunities for graduates of the education system. Thus, the number of those employed in the government and the public sector soared from 350,000 in 1951-1952 to 1.2 million in 1969-1970.⁵⁰

⁴⁷ Williamson, B., *Education and Social Change in Egypt and Turkey: A Study in Historical Sociology*, (Basingstoke: Macmillan, 1987), pp. 172-176.

⁴⁸ Waterbury, J., *The Egypt of Nasser and Sadat: The Political Economy of Two Regimes*, (Princeton: Princeton University Press, 1983), pp. 219-220.

⁴⁹ Springborg, R., *Mubarak's Egypt: Fragmentation of the Political Order*, (Boulder: Westview Press, 1989), pp. 137.

⁵⁰ Ibrahim, S., "Social Mobility and Income Distribution in Egypt, 1952-1977", in G. Abdel-Khalek, and R. Tignor (eds.), *The Political Economy of Income Distribution in Egypt*, (New York: Holmes & Meier, 1982), pp. 431.

Nasir's regime expanded in free education at all levels to promote equity and social justice (see table 4.1). This expansion in free education translated into higher state expenditure on education, which increased from £E25 million (12.24% of government expenditure) in 1952/53, to £E104 million in 1969/70 (14.7% of government expenditure).⁵¹

Table 4.1: Expansion in enrolment in primary, preparatory and secondary education during the period 1953/54-1969/70

Stage of Education	1953/54	1963/64	1969/70	% Growth 1953/54-1969/70
Primary	1,392,741	3,129,692	3,618,750	159.83
Preparatory	351,814	451,062	797,965	126.81
Secondary	134,808	224,577	534,734	296.66
Total	1,879,363	3,805,331	4,951,449	163.46

Source: Calculated from U.A.R. *The Year Book*, 1966, (Cairo: The Ministry of National Guidance, 1966), pp. 147; and *al-Kitāb al-iḥsā'ī al-sanawī 1952-1974* [Statistical Year Book 1952-1974], (Cairo: CAPMUS, 1975). pp. 152-154.

However, the increase in the quantity of education provided was achieved at the expense of quality. For example, under-qualified teachers, who did not have adequate training to teach, were employed to overcome the shortfall of teachers, especially at the primary level.⁵² The problem was compounded by the seconding of teachers to other Arab countries, such as Algeria, Yemen, and Saudi Arabia, to

⁵¹ *al-Malāmih al-'āmah li-sīyāsāt al-ri'āyah al-igtmā'īyah fī al-ta'līm qabl al-gāmi'ī* [The General Features of the Social Care Policy in Pre-university Education], (Cairo: The Regional Arab Office for Research and Documentation in Social Science, 1988), pp. 34-35.

⁵² Szyliowicz, J., *Education and Modernization in the Middle East*, (Ithaca: Cornell University Press, 1973), pp. 270.

assist these countries in their development process; the number of seconded teachers reached nearly 5,000 in 1964.⁵³

Public Health Care

Nasir's nationalist regime identified a healthy population as the key to higher productivity. The regime aimed to raise the 'health standard of the population', which was so poor under the rule of British colonialists.⁵⁴ Hence, expenditure on health care, as a percentage of the national budget, increased from 3.6% in 1952-53 to 8.9% in 1969-70.⁵⁵

The idea of a free public health care, to all 'citizens', was introduced within the socialist framework outlined in the 1962 Charter, which declared:

The first right of all citizens is health care – not the bare treatment and drugs like goods bought and sold, but rather the unconditional guarantee of this care to every citizen in every corner of the country under conditions of comfort and service.⁵⁶

Health services were offered on the basis of the 'need' of individuals 'rather than their ability to pay'. To this end, the regime nationalised 13 private hospitals in

⁵³ Mansfield, P., *Nasser's Egypt*, (Harmondsworth: Penguin, 1965), pp. 122.

⁵⁴ Waterbury, J., *The Egypt of Nasser and Sadat: The Political Economy of Two Regimes*, (Princeton: Princeton University Press, 1983), pp. 218.

⁵⁵ Furnia, A., *The Arab Republic of Egypt*, (SYNCRISIS: The Dynamic of Health, vol. XVI, September 1975), pp. 73.

⁵⁶ Quoted in Baker, R., *Egypt's Uncertain Revolution under Nasser and Sadat*, (Cambridge: Harvard University Press, 1978), pp. 218.

1964; and the first Curative Care Organisation was established 'to provide high quality medical care at affordable cost'.⁵⁷

Furthermore, the Health Insurance Organisation (HIO) was established in 1964 to cater for the health needs of the population through a programme of social insurance, which was designed to cover the whole population within 10 years. The two first groups to benefit from the health insurance scheme were industrial workers and government employees. This is probably because these two groups formed the major constituencies of the regime. The regime sought to mobilise support for the socialist system it has embraced, by highlighting its benefits. In 1964, 3 million employees were covered under a comprehensive insurance scheme.⁵⁸

However, the system did not expand to other sectors of the population in the following years, according to the plan, due to financial pressures imposed on the state by the burden of the war with Israel.⁵⁹ This was reflected in the decline in state per capita expenditure on health care after 1967; per capita outlay on health services rose from E£0.48 in 1951-52, to E£1.5 in 1964-65, but dropped to E£1.2 in 1967-68, due to the 1967 war.⁶⁰

⁵⁷ *Egypt Human Development Report 1997/98*, (Cairo: Institute of National Planning, 1998), pp. 52.

⁵⁸ Mansfield, P., *Nasser's Egypt*, (Harmondsworth: Penguin, 1965), pp. 109-110.

⁵⁹ Nandakumar, A., M. R. Reich, M. Chawla, P. Berman, and W. Yip, "Health Reform for Children: The Egyptian Experience with School Health Insurance", *Health Policy*, vol. 50, no. 3, January 2000, pp. 158.

⁶⁰ Waterbury, J., *The Egypt of Nasser and Sadat: The Political Economy of Two Regimes*, (Princeton: Princeton University Press, 1983), pp. 219.

Nasir's Welfare State and the Social Contract

One of the main strategies that Nasir used to legitimise his rule was welfare provision. In other words, welfare provision formed one of the main obligations of the regime's formula of the social contract. Welfare policies have been effective in eliciting the support of middle and lower income groups. They came to perceive the state/regime as their guardian, and one of its main functions was to provide welfare for citizens. Thus, Nasir instituted a welfare state in Egypt, where the right to welfare was based upon citizenship.

Although Nasir's regime managed to establish a welfare state in Egypt, its goals of equity and social justice proved to be too ambitious for Egypt's economic stage of development. With modest economic growth, redistribution was possible only to a limited extent. Welfare objectives clashed with plans of economic progress, and the costs of welfare were beyond the capabilities of the state.⁶¹ Eventually, the regime faced a dilemma of choosing between investment and welfare objectives. However, as the legitimacy of the regime was based upon its ability to meet its obligations of the social contract, which entailed its commitment to social justice and equity, curtailing welfare would have undermined the credibility of the regime. Accordingly, development and investment plans were compromised.

After the mid-1960s, the regime found it difficult to deliver the promised welfare products to middle and lower income groups, due to the escalating trade deficits

⁶¹ *Egypt: Alleviating Poverty during Structural Adjustment*, (Washington, D.C.: World Bank, 1991), pp. xv-xvi.

with the West as well as with Communist countries. The economic situation deteriorated with the defeat of 1967, as vital resources were redirected towards building up military capability. This was exacerbated by the loss of revenues from traffic in the Suez Canal after the closure of the Canal, as well as from oil with the occupation of the Sinai.⁶²

The June War of 1967 marked a major change in the regime's strategies, both politically and economically. The regime could no longer sustain socialism and national independence.⁶³ In response to mounting pressure for liberalisation, Nasir promised more liberties, in both the economic and political realms, in the declaration of March 1968. However, he died before he could deliver his promises.⁶⁴ It can, therefore, be concluded that the 1967 defeat created the environment conducive for the liberalisation measures adopted by his successor, Anwar Sadat.

⁶² Said, M., H. Chang, and K. Sakr, "Industrial Policy and the Role of the State in Egypt: The Relevance of the East Asian Experience", in H. Handoussa (ed.), *Economic Transition in the Middle East: Global Changes and Adjustment Strategies*, (Cairo: The American University in Cairo Press, 1997), pp. 222.

⁶³ Zaalouk, M., *Power, Class and Foreign Capital in Egypt: The Rise of the New Bourgeoisie*, (London: Zed, 1989), pp. 50-51.

⁶⁴ Hosseinzadeh, E., "How Egyptian State Capitalism Reverted to Market Capitalism", *Arab Studies Quarterly*, vol. 10, no. 3, spring 1988, pp. 316.

Sadat: Expansion of the Welfare State

Sadat assumed power in 1970; he inherited a truncated defeated country, with the loss of the Sinai to Israel. He had to also deal with the ailments of the economy symbolised by a soaring balance of payments deficit and external debt.

From 1970 to 1973, the Egyptian economy can be accurately described as a war economy. Most of the resources of the state were directed to military purposes. Accordingly, the imports of arms and foodstuffs continued to rise. On the other hand, exports stagnated, with the ultimate effect being that the trade deficit escalated from £E160 million in 1970 to £E260 million in 1972. Thus, Egypt had to rely upon loans from international organisations, such as the World Bank, and socialist states, mainly the Soviet Union, as well as Arab aid. By the end of December 1973, Egypt's external debt had reached US\$3.5 billion.⁶⁵

Grants from Arab countries, which amounted to more than US\$900 million, helped finance the current account deficit between 1973 and 1976. However, as Sadat sought peace with Israel, the antagonised Gulf Arab states ceased their flow of aid.⁶⁶ In 1975, the current account deficit amounted to US\$1.4 billion, nearly 19% of GDP, compared to a deficit of US\$0.145 million, which was nearly 0.6% of GDP, in 1970.⁶⁷ By the end of 1976, the external debt rose to 37% of GDP and the

⁶⁵ Zaalouk, M., *Power, Class and Foreign Capital in Egypt: The Rise of the New Bourgeoisie*, (London: Zed, 1989), pp. 55-56.

⁶⁶ *QER, Egypt: Annual Supplement 1985*, (London: The Economist Intelligence Unit, 1985), pp. 41.

⁶⁷ *QER, Egypt, Sudan: Annual Supplement 1972*, (London: The Economist Intelligence Unit, 1972).

debt service ratio was equal to almost one third of total exports (see table 4.2). The current account deficit reached a peak of US\$1.54 billion in 1979, the highest figure in the 1970s.⁶⁸

Table 4.2: Current account and external debt 1974-80

	1976	1977	1978	1979	1980
C/A in US\$ billion	-0.81	-0.82	-0.93	-1.54	-0.44*
External Debt in US\$ billion	5.86	8.1	9.92	15.88	17.43
Debt/GDP (%)	36.5	38.5	39.6	58.7	50.3
Debt service/ exports ratio %	n.a.	n.a.	14**	24	22

*The improvement in the current account balance in 1980 can be attributed to the remittances of workers abroad, which amounted to nearly US\$2.8 million in 1980.

** The debt service ratio declined because Egypt repaid US\$850 million, and because major creditors agreed to reschedule and refinance payments amounting to US\$1.45 billion to longer maturities. *QER, Egypt: Annual Supplement 1979*, (London: The Economist Intelligence Unit, 1979), pp. 22.

Source: *QER, Egypt: Annual Supplement*, (London: The Economist Intelligence Unit, 1974-85).

Although the IMF had been trying to pressure Egypt to adopt liberalisation policies since the early 1960s, its recommendations were not adopted until the debt crisis in 1975. Most of Egypt's debt was short-term that was subject to an exorbitant interest rate of nearly 18%. The IMF claimed that earnings from the Suez Canal and oil were insufficient to pay off this debt. At that time, the four main sources of income for Egypt were generated from: the Suez Canal, oil, tourism, and remittances from

⁶⁸ There are no 'precise' figures for external debt. The World Bank's tables present different figures every issue in every year. See Abdel-Waheed, M., "Aid and Debt Issues in Egypt: Past Trends and Future Prospects", *L'Egypte Contemporaine*, no. 446, April 1997, pp. 78.

workers abroad.⁶⁹ The demands of the IMF, during this period, can be summarised as follows:

- reallocating investment 'outlays';
- devaluation of the Egyptian pound in order to promote exports and attract foreign investment;
- cutting down government subsidies.⁷⁰

In return, the IMF pledged to secure foreign exchange from the West in order to meet the requirements of the Egyptian economy, including the importation of foodstuffs.

Sadat's strategy to deal with Egypt's economic problems was a product of his liberal disposition, and belief that Egypt's interests lay with the West. Sadat's approach to economic development was different from that of Nasir; he renounced socialism and showed more inclination towards openness and integrating Egypt into the world capitalist economy. He sought economic growth through a shift towards a liberal economy. Hence, to secure autonomy from societal forces to be able to implement his strategy, whilst preserving his regime, Sadat had to redefine the formula of the social contract. Sadat's formula involved delivering peace; economic prosperity, through economic liberalisation and foreign aid; limited participation; and maintaining the patrimonial and welfare systems developed under Nasir.

⁶⁹ Jreisat, J., *Politics without Process: Administering Development in the Arab World*, (Boulder: Lynne Rienner, 1997), pp. 105.

⁷⁰ Zaalouk, M., *Power, Class and Foreign Capital in Egypt: The Rise of the New Bourgeoisie*, (London: Zed, 1989), pp. 56.

Social Welfare

Under Sadat social justice and equity were not a priority; to the contrary, Sadat's regime acknowledged the legitimacy of inequality in income distribution. The regime built close links with businessmen, who formed one of the main constituencies of the regime. Thus, many of the properties sequestered under Nasir were returned to their owners; and a shift to a free market economy, with all the negative implications for income distribution, was launched.⁷¹

However, social welfare policies instituted by Nasir were expanded under the rule of Sadat to avoid the resentment of middle and lower income groups that could pose a threat to the survival of the regime. This was manifested in the increase in food subsidies, which absorbed most of the government funds allocated to social welfare. Thus, the right to welfare based upon citizenship remained the basis to welfare provision. Sadat's regime was able to finance this expansion through foreign aid, and revenues from oil, Suez Canal, and remittances from workers abroad.

Food Subsidies

When Sadat came to power, he found it essential for the stability of his regime to keep subsidies in tact. This can be attributed to two factors, namely, the legacy of Nasir's subsidy policies; and the rise of the prices of wheat grain in 1973. At the beginning of his rule, Sadat could not dismantle the welfare policies instituted under

⁷¹ Waterbury, J., *The Egypt of Nasser and Sadat: The Political Economy of Two Regimes*, (Princeton: Princeton University Press, 1983), pp. 223.

Nasir, which were identified as one of the main achievements of the revolution, without undermining his credibility. Sadat was disposed to a liberal economy, and he identified the business elite as his main constituency. He exalted the merits of a liberal economy and the prosperity it would bring to all segments of society. Nevertheless, he had to co-opt middle and lower income groups into the system to avoid their resentment, especially at a time of world inflation caused by the international increase in oil prices and the ensuing rise in food prices.⁷² The most accessible means to generate support for his regime and its policies was food subsidies.

In the early 1970s, food subsidies were used to protect consumers, especially urban consumers, from world inflation. Subsidies were expanded to include more items, such as beans, lentils, rice, and maize. Whereas in 1970-71, subsidies amounted to E£23 million, they went up to £E105 million in 1973, then they rocketed to E£420 million in 1975 (see table 4.3). Nevertheless, in 1976, food subsidies dropped to E£281 million, due the 'relative' decline in world prices of some food commodities.⁷³

With pressure from the IMF on the Egyptian government to cut the budget deficit in 1975, the government had to cut expenditure on one or more of the following items: defence, public sector investment, debt service, or subsidies. As the struggle with Israel had not been resolved, cutting expenditure on defence was not an option.

⁷² Cooper, M., *The Transformation of Egypt*, (Baltimore: The John Hopkins University Press, 1982), pp. 115.

⁷³ *Economic Bulletin*, vol. xxxiv, no. 3, (Cairo: The National Bank of Egypt, 1981), pp. 130-134.

Downsizing the public sector was not possible because of the entrenched interests of the bureaucracy, which formed an inherited constituency from the previous regime that emerged due to the regime's welfare policies of free education and guaranteed employment. This influential group constituted part of the elite by the end of Nasir's rule. The regime did not want to alienate them by harming their interests, as they also served as a link between the state and the private sector, which was fostered by Sadat. Reducing debt service was not also an option because the government could not abstain from servicing its debts without risking its financial credibility, which would compromise its ability to borrow. Thus, the regime opted for reducing subsidies.

The regime underestimated the power of the beneficiaries of the subsidies; the government expected the least resistance from adopting this alternative.⁷⁴ However, this action sparked the anger of the 'deprived' population. The harmed groups were unwilling to give up what was sold to them by Nasir, and later Sadat with the rhetoric of *infitah*, as their rights, defined within the supposed 'social contract'. They protested, as they saw the regime breaking the contract by taking away from them their 'rights', without offering them anything in return. Political participation was still limited, and their national independence, manifested in the Israeli occupation of the Sinai and other Arab territories, was still lost. They were disappointed to see themselves bypassed in the process of economic prosperity triggered by *infitah*, which encompassed mainly the ruling elite.

⁷⁴ Hinnebusch, R., *Egyptian Politics under Sadat: The Post-populist Development of an Authoritarian-modernizing State*, (Cambridge: Cambridge University Press, 1985), pp. 135.

The 1977 Food Riots

Upon the announcement of price increases of 25 basic commodities, which included, edible oil, corn, tea, sugar, textiles (cotton, wool, and synthetic), meat, butagas, and cigarettes,⁷⁵ on 17 January 1977, spontaneous riots started, on 18 January, in Alexandria. The riots subsequently erupted in Cairo and spread from there to other major cities. Rioters included men and women who felt threatened by the elimination of subsidies. For middle and lower income groups, life had already been difficult, they waited vigilantly for improvements in their living conditions; however, the little they had was at risk. During the riots, they chanted: 'with life and blood we will bring prices down!'⁷⁶ Rioters were asking the President, 'where is our breakfast?' The slogans of the riots revealed the disappointment of demonstrators with their leader who had promised them prosperity that never materialised and who was insensitive to their needs and enjoyed an opulent lifestyle. Burrell noted:

The slogans of the demonstrators were now more bitter and critical of the president himself: 'You live in style and we live seven to a room. You change your clothes three times a day and we change once a year'. The underlying motive of the riots, however, was stated most simply on the placards that read 'There can be no liberalization without food'.⁷⁷

Prime Minister, Mamdūh Sālīm, a former policeman and Minister of Interior, deployed ordinary police forces as well as forces from Central Security Forces to

⁷⁵ 'Abd al-Rāzīq, H., *Misr fī 18 wa 19 Yanāyir: dirāsah sīyāsīyāh wathā'iqīyah* [Egypt in the Events of 18 and 19 January: A Political Documentary Study], (Cairo: Shahīd, 1985), pp. 22.

⁷⁶ Waterbury, J., *The Egypt of Nasser and Sadat: The Political Economy of Two Regimes*, (Princeton: Princeton University Press, 1983), pp. 220-221.

⁷⁷ Burrell, R., and A. Keildar, *Egypt: The Dilemmas of a Nation - 1970-1977*, (Beverly Hills: Sage, The Washington Papers, no. 48, 1977), pp. 6.

confront the demonstrators. Sadat himself was being interviewed by a reporter in Aswan, his favourite winter resort, as he was unaware of the riots.⁷⁸ This showed how detached the president was from the problems of the majority of the Egyptian population.

The Prime Minister asked for the intervention of the army after the police forces had failed to quell the rioters, who continued their upheaval the following day. General 'Abd al-Ghanī al-Gamasī, Minister of War and Commander-in-Chief, refused on the pretext that the regime had made a pledge after the October War to use its forces only against external enemies in order to protect the nation, and not against its civilians. Sadat made this promise to promote his image as the guarantor of liberties that were repressed under his predecessor.

The riots continued more violently for a second day. Some property was destroyed and looted, partly by criminals and partly by the frustrated demonstrators. With the escalation of the events, the army stepped in to suppress the riots upon the request of Sadat. The demonstrations were suppressed by the army after the death of 80 people, injury of 600, the arrest of 2000, and an estimated damage to the economy of US\$1 billion.⁷⁹ The president's announcement of rescinding the subsidy cuts was repeated several times on the radio to calm down the rioters.⁸⁰

⁷⁸ Heikal, M., *The Autumn of Fury: The Assassination of Sadat*, (London: André Deutsch, 1983), pp. 90-92.

⁷⁹ Weinbaum, M., *Egypt and the Politics of the U.S. Economic Aid*, (Boulder: Westview Press, 1986), pp. 143.

⁸⁰ Heikal, M., *The Autumn of Fury: The Assassination of Sadat*, (London: André Deutsch, 1983), pp. 91-92.

The riots were contained, after two days of protest, with the arrival of the army at the scene. Shocked by the upheaval and concerned about the consequences, if it did not retreat, the regime ultimately repealed the announced price increases.

Sadat's decision to increase the prices shows his underestimation of the power of middle and lower income groups, as he tried to abrogate his part of the contract without offering them anything in return.⁸¹ The riots, therefore, exposed the fragility of the social contract. The regime could not meet its obligation by providing welfare indefinitely, as it was limited by the financial capabilities of the state.⁸² However, the beneficiaries of the system stood firm in defending what they perceived as their rights. Consequently, to preserve its survival, the regime had to submit to their will.

As Sadat realised the significance of subsidies, he manipulated them as a means for generating support. Once again like his predecessor, he sought to promote himself as the guardian of the interests of middle and lower income groups through welfare policies. The decision to rescind the increase in prices, therefore, marked a restatement of the terms of the social contract based upon welfare provision. Subsidies made several products that were previously unsubsidised, such as frozen fish, meat and chicken, available to middle and lower income groups. Eventually, food subsidy became the means for the government to reach those at the 'bottom of

⁸¹ Cooper, M., *The Transformation of Egypt*, (Baltimore: The John Hopkins University Press, 1982), pp. 241-242.

⁸² Jreisat, J., *Politics without Process: Administering Development in the Arab World*, (Boulder: Lynne Rienner, 1997), pp. 77-98.

the social structure', thereby making these segments of society dependent upon the state 'for their subsistence'.⁸³

Subsequently, the regime expanded subsidies, which soared as a component of the government budget (see table 4.3, and table 4.4). In 1980, the new budget had a 22% increase in the subsidy bill, reaching E£1.5 billion, in an attempt to court middle and lower income groups.⁸⁴ This expansion was made possible because of the aid from the US, which allowed Egypt to pay for its wheat imports.⁸⁵ Through subsidies, Sadat managed to avoid another major upheaval until the termination of his rule on 6 October 1981.

⁸³ Cooper, M., "State Capitalism, Class Structure, and Social Transformation in the Third World: The Case of Egypt", *International Journal of Middle East Studies*, vol. 15, 1983, pp. 461-465.

⁸⁴ Waterbury, J., *The Egypt of Nasser and Sadat: The Political Economy of Two Regimes*, (Princeton: Princeton University Press, 1983), pp. 215.

⁸⁵ Harik, I., "Subsidization Policies in Egypt: Neither Economic Growth nor Distribution", *International Journal of Middle East Studies*, vol. 24, 1992, pp. 490-491.

Table 4.3: Subsidies as a percentage of total government expenditure

Year	Foodstuff	Other subsidies	Total	Percentage of total government expenditure
1973	105	50	155	---*
1974	319	116	435	10.39
1975	420	174	594	9.68
1976	281	162	443	7.42
1977	331	144	475	6.73
1978	435	255	690	7.76
1979	997	278	1,275	9.86

*--- not available.

Source: Computed from Daniels, C., *Egypt in the 1980s: The Challenge, Special Report no. 158*, 1983, pp. 54-55; and *QER, Egypt: Annual Supplement*, (London: The Economist Intelligence Unit, several issues).

Table 4.4: Subsidies as a proportion of total public current expenditures, 1970-1980 in E£ million

	Current Expenditure (1)	Subsidies (2)	(2)/(1)
1970-71	661.4	51.0	7.7
1974	839.7	355.5	42.3
1976	1,289.6	433.5	33.6
1978	1,664.0	710.0	42.6
1980	2,182.0	1,279.0	58.6

Source: cited in Waterbury, J., *The Egypt of Nasser and Sadat: The Political Economy of Two Regimes*, (Princeton: Princeton University Press, 1983), pp. 214.

In 1981/82, the annual food subsidy amounted to E£1473.1 million, which constituted 30.1% of total current expenditure. It should be noted that the rise in the

absolute cost of subsidy during the period 1974-1981/82 is partially due to inflation and the depreciation of the Egyptian pound.⁸⁶

Therefore, during Sadat's rule, universal food subsidies constituted a fundamental component of the Egyptian welfare state. Though they were extended universally to all the population, they were more significant for middle and lower income groups. The regime expanded in the provision of food subsidies after it had failed to deliver economic prosperity, which it promised would follow the victory over Israel and the *infitah*. The regime expanded in food subsidy to try to gain the support of middle and lower income groups, or at least avoid their resentment.⁸⁷

Education

The regime emphasised the right of citizens to education by stipulating it in the 1971 Constitution, drafted by Sadat's regime. During the early years of the regime, education represented the same proportion of total government expenditure (19.26% in 1969 and 19.58% in 1975)⁸⁸ as under Nasir. However, this percentage declined sharply after 1975 (8.59% in 1976), probably because of economic pressures. After that time it never reached the same level until the end of Sadat's rule in 1981

⁸⁶ *Da'm al-aghniyā' wa da'm al-fuqarā'* [The Subsidy of the Rich and the Subsidy of the Poor], (Cairo: Al-Ahālī, 1985), pp. 49-50.

⁸⁷ Lal, D., and H. Myint, *The Political Economy of Poverty, Equity, and Growth: A Comparative Study*, (Oxford: Clarendon Press, 1996), pp. 170.

⁸⁸ *Statistical Yearbook, 1976*, (New York: United Nations, 1977), pp. 724.

(10.63% in 1980)⁸⁹ because most of resources allocated to social welfare were probably dedicated to financing the rising bill of food subsidies.

The achievement in education under Sadat's rule, in terms of enrolment of students in the age of education, was not remarkable. This is because the expansion in education could not keep up with the rapid expansion in population (2.24%).⁹⁰ Consequently, enrolment in primary schools, as a percentage of the children aged 6-12, reached 67% in 1976 compared to 74.6% in 1965-66. However, enrolment of boys (80.1%) continued to be higher than that of girls (52.7%).⁹¹ Expansion in enrolment in education was higher at the preparatory and secondary levels (see table 4.5), because they were perceived as the avenue to higher education.

Table 4.5: Expansion in enrolment in primary, preparatory, and secondary education during the period 1970/71-1980/81

Stage of Education	1970/71	1973/74	1980/81	% Growth 1970/71-1980/81
Primary	3,740,551	3,919,861	4,548,058	21.59
Preparatory	851,936	1,099,702	1,574,233	84.78
Secondary	569,456	642,653	1,107,233	94.44
Total	5,161,943	5,662,216	7,229,524	40.05

Source: Calculated from *al-Kitāb al-ihsā'ī al-sanawī* [Statistical Year Book], (Cairo: CAPMUS, 1975, 1984).

⁸⁹ *Statistical Yearbook, 1981*, (New York: United Nations, 1983), pp. 240.

⁹⁰ *al-Kitāb al-ihsā'ī al-sanawī 1952-1976* [Statistical Year Book 1952-1976], (Cairo: CAPMUS, 1977), pp. 8.

⁹¹ Waterbury, J., *The Egypt of Nasser and Sadat: The Political Economy of Two Regimes*, (Princeton: Princeton University Press, 1983), pp. 220-221.

The policy of expansion in free education continued, under Sadat, however, the link between education, especially in state schools, and upward mobility was weakened. The *infitah* afforded many people opportunities to earn higher incomes through brokerage and import/export activities rather than employment in the government and public sector. Graduates of private foreign language schools could easily obtain a highly paid job in the private sector.⁹² Moreover, the migration of skilled workers to the Gulf Arab states opened opportunities for semi-skilled and unskilled workers. These workers were not able to obtain a contract to work in the Gulf Arab states, so they took advantage of the shortage in skilled labour in Egypt, and tried to make as much money as possible in order to secure a standard of living similar to that of their counterparts who managed to go to the Gulf Arab states. Therefore, education was no longer the only route to upward mobility.⁹³

Public Health Care

The performance of the state in the field of public health care provision under Sadat has been poor. Until 1975, the level of health expenditure was maintained as under Nasir; state health expenditure as a percentage of total government expenditure increased slightly from 5.87% in 1969/70 to 6.35% in 1975. Escalating economic problems, however, resulted in a decline in the funds allocated to health care after 1975. Health expenditure as a percentage of total government expenditure,

⁹² Cochran, J., *Education in Egypt*, (London: Croom Helm, 1986), pp. 54-55.

⁹³ Amin, G., "Migration, Inflation and Social Mobility: A Sociological Interpretation of Egypt's Current Economic and Political Crisis", in C. Tripp, and R. Owen (eds.), *Egypt under Mubarak*, (London: Routledge, 1989), pp. 109-111.

therefore, dropped to 2.67% in 1976 and picked up after that to reach 3.25% in 1979. This implies that during this period health care did not constitute a priority for the regime.⁹⁴ This can be attributed to the fact that the regime diverted state resources to food subsidies after the events of 1977, as food subsidies proved to be more critical for the lives of middle and lower income groups. The major achievement in the realm of health care, under Sadat, has been the improvement in overall health standards. For example, the crude death rate declined from 15.1 per thousand in 1970 to 10.2 per thousand in 1981.⁹⁵

Sadat's Welfare State and the Social Contract

Welfare provision continued to be one of the obligations of the regime in the social contract under Sadat. The expansion of the welfare state under Sadat's regime is reflected in the increase in the funds allocated to subsidies, and the number of subsidised food items. The regime's failure to meet its obligations of commitment to welfare provision represented an abrogation of the social contract for middle and lower income groups. This break of the social contract was signified in cancelling the subsidies on some essential food items. The harmed groups perceived these subsidies as their rights; the regime had proclaimed, since 1952, that citizens were entitled to welfare products, and that the state was responsible for their welfare.

⁹⁴ Sulaīmān, A., *Dirāsah tahlīlīyah li-mustawā al-khadamāt al-sihīyah fī muhāfazāt gumhūrīyat Misr al-'arabīyah* [An Analytical Study of the Level of Health Services in the Governorates of Arab Republic of Egypt], (Cairo: National Institute for Planning, January 1987), pp. 80-81

⁹⁵ *Statistical Year Book, Arab Republic of Egypt 1952-1983*, (Cairo: CAPMUS, 1984). pp. 30.

Thus, these groups had a right to resist the regime that broke the social contract; and they chose to use this right during the riots of 1977.

The attack of demonstrators on private property in the riots of 1977 reflects the failure of the regime to create social peace among the privileged and underprivileged in society. The regime responded to social discontent by increasing the subsidies. This expansion, however, formed a burden on the Egyptian economy. Subsequently, the next regime had to deal with the challenge of managing Egypt's fiscal crisis and the retrenchment of the state, whilst maintaining its stability.

Mubarak: Retrenchment of the Welfare State

'Mubarak inherited a hybrid system which combined contradictory legacies of Nasir and Sadat.'⁹⁶ Traces of Nasir's socialist policies have continued to prevail in many sectors of the economy. Furthermore, Nasir's heritage could be identified in a massive bureaucracy, a large public sector, a centrally planned economy, and a welfare state.

These features were irreconcilable with Sadat's liberal policies signified in a 'consumptive *infitah*', dependency on the United States, and the reliance of the regime upon the bourgeoisie.⁹⁷ Sadat's *infitah* promoted a 'consumption' culture,

⁹⁶ Hinnebusch, R., "The Politics of Economic Reform in Egypt", *Third World Quarterly*, vol. 14, no. 1, 1993, pp. 159-160.

⁹⁷ Hinnebusch, R., "The Formation of the Contemporary Egyptian State from Nasser and Sadat to Mubarak", in I. M. Oweiss (ed.), *The Political Economy of Contemporary Egypt*, (Washington, D.C.: Center for Contemporary Arab Studies, Georgetown University, 1990), pp. 204.

through imports, which led to the emergence of a capitalist class that mainly relied upon connections (*wasta*) and corruption in conducting business. This class looked for quick profits, therefore, investing in projects geared towards consumption rather than production. As a consequence, Egypt was submerged into debt.⁹⁸

Both legacies have been so entrenched in society, as they have their influential protective interest groups, that it has been difficult for Mubarak to foster one and ignore the other. Alternatively, the regime has attempted to apply 'incremental changes' to establish its own *third way*. Mubarak has aimed to create a liberal economy that emphasises production in order to disengage his regime from the corruption associated with the *infitah* policy. However, Mubarak, unlike his predecessors, has been less radical and more cautious in his approach. He did not want to antagonise the influential interest groups in society; he has persistently pursued stability at the expense of implementing substantive solutions to Egypt's economic ailments. Such an approach has acted as a constraint on Mubarak, and has prevented him from addressing Egypt's cumulative dilemmas.⁹⁹

Consequently, Mubarak has failed to address the problems that arose as a result of *infitah*, such as the spread of corruption, and the emergence of what came to be known as the 'fat cats', who exploited *infitah* policies to accumulate wealth. *Infitah* produced millionaires, but it did not provide productive foreign investment at home,

⁹⁸ Hinnebusch, R., "The Politics of Economic Reform in Egypt", *Third World Quarterly*, vol. 14, no. 1, 1993, pp. 160.

⁹⁹ Hinnebusch, R., "The Formation of the Contemporary Egyptian State from Nasser and Sadat to Mubarak", in I. M. Oweiss (ed.), *The Political Economy of Contemporary Egypt*, (Washington, D.C.: Center for Contemporary Arab Studies, Georgetown University, 1990), pp. 204.

as foreign direct investment during the period 1974-78 amounted to less than US\$300 million, most of which was invested in light consumer goods.¹⁰⁰ *Infitah* failed to attract investment in both the industrial and agricultural sectors; meanwhile, it promoted the service sector, especially banking. The net effect was the widening of the gap between the rich and the poor.¹⁰¹

Failure to deal with the ailments of the economy led to a rise in the external debt from US\$22.18 billion in 1981, to US\$35.8 billion in 1985.¹⁰² Subsequently, negotiations with the IMF were initiated in 1986. The negotiations resulted in the rescheduling of civilian and military debt of US\$12 billion (of which US\$4.5 billion was owed to the Gulf Arab states).¹⁰³

At the beginning of his rule, Mubarak was reluctant to implement economic reforms, particularly economic restructuring which entailed privatisation¹⁰⁴ Mubarak understood that Sadat's pursuit of liberalisation undermined his popularity with many societal groups, especially industrial workers who had a vested interest in state industries. For Egyptian nationalists, the public sector has been, since

¹⁰⁰ Zaki, M., *Egyptian Business Elites: Their Visions and Investment Behavior*, (Berlin: Konrad-Adenauer-Stiftung, 1999), pp. 83-87.

¹⁰¹ Weinbaum, M., *Egypt and the Politics of U.S. Economic Aid*, (Boulder: Westview Press, 1986), pp. 41-42.

¹⁰² Mc Dormett, *Egypt from Nasser to Mubarak: A Flawed Revolution*, (London: Croom Helm, 1988), pp. 79.

¹⁰³ Butter, D., "Debt and Egypt's Financial Policies", in C. Tripp, and R. Owen (eds.), *Egypt under Mubarak*, (London: Routledge, 1989), pp. 134-135.

¹⁰⁴ Moench, R., "Oil, Ideology and State Autonomy in Egypt", *Arab Studies Quarterly*, vol. 10, no. 2, spring 1988, pp. 180.

Nasir's era, a symbol of national independence. Even for those who recognised the necessity of reforms, dismantling the public sector was an unthinkable task. Therefore, Mubarak 'publicly' declared his commitment to "no diminution and no sale of the public sector" (*la masas wala bi' al-qita' al-'amm*).¹⁰⁵

But at the same time, the regime tried to discourage graduates from joining the public sector or civil service by making the waiting period to employment in these sectors longer.¹⁰⁶ The policy of guaranteed employment, introduced under Nasir's rule, has been a form of 'welfare handout' that the state could no longer sustain. Finally, the policy for guaranteed employment was dropped *quietly* for secondary school graduates in 1984, and for university graduates in 1985. Since then, the government and the public sector have employed graduates based on their requirements.¹⁰⁷

The regime found it easier to submerge itself in external debt, rather than to increase taxes or reduce the size of the public sector, in order to bring expenditure in line with revenues, as the other options were more hazardous to the regime's weak legitimacy.¹⁰⁸ Hence, external debt accumulated rapidly reaching an unprecedented level of nearly US\$51 billion in 1987. Real growth declined from

¹⁰⁵ Posusney, M., *Labor and the State in Egypt: Workers, Unions, and Economic Restructuring*, (New York: Columbia University Press, 1997), pp. 184.

¹⁰⁶ Posusney, M., *Labor and the State in Egypt: Workers, Unions, and Economic Restructuring*, (New York: Columbia University Press, 1997), pp. 181.

¹⁰⁷ Interview with an anonymous public official, 28 September 1999.

¹⁰⁸ Luciani, G., "Economic Foundation of Democracy and Authoritarianism: The Arab World in Comparative Perspective", *Arab Studies Quarterly*, vol. 10, no. 4, fall 1988, pp. 466.

9.9% in 1982/83 to 4.2% in 1986/87; the inflation rate was around 20%¹⁰⁹ (see table 4.6); and unemployment rate was as high as 20%.¹¹⁰

¹⁰⁹ Some economists argue that the inflation rate was higher than the reported one. This is because the one that appears in official reports is based on the calculation of some goods at subsidised prices that are not available for consumers. *Egypt: Country Report, 1992*, (London: The Economist Intelligence Unit, 1992), pp. 20.

¹¹⁰ *Egypt: Country Report, 1989-90*, (London: The Economist Intelligence Unit, 1989), pp. 17.

Table 4.6: Some economic indicators during the period 1981-90

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Current account in US\$ billion	-2.14	-1.85	-0.41	-1.16	-1.45	-1.29	-0.41	-1.19	-0.47	0.63
External debt in US\$ billion*	22.18	25.54	28.52	37.04	41.39	46.32	50.78	52.49	51.50	40.44
Debt/GNP (%)	54.6	68.6	81.1	121.3	127.0	159.6	173.1	145.8	138.4	126.5
Debt service/ exports ratio %	27.3	26.2	26.8	24.8	27.6	28.7	19.0	25.0	28.5	26.3
Inflation**	10.4	14.9	16.6	17.1	12.1	23.9	19.7	17.6	21.3	16.8
GDP growth	6.2	7.3	7.3	8.5	7.7	6.1	4.2	2.6	2.9	1.1

Source: *Egypt: Country Report*, (London: The Economist Intelligence Unit, 1986-94); and *World Debt Tables: External Debt of Developing Countries*, (Washington, D.C.: The World Bank, 1988-1992).

Thus, in May 1987, Egypt signed a reform agreement with the IMF that provided Egypt with a SDR 250 million standby credit over 18 months. Egypt benefited from this deal as US\$6.5 billion owed to 17 OECD creditors was rescheduled with a ten-year agreement.¹¹¹ A new realistic free market exchange rate was used, which meant a 40% devaluation of the Egyptian pound. However, consumers were protected from inflation by using a stronger rate for the import of basic goods, which constituted around 60% of total imports. On the other hand, the government agreed to eliminate subsidies on energy, and price distortions of agricultural products. This initiative undertaken by the Egyptian government encouraged the Paris Club to reschedule the outstanding arrears as of December 1986, interest, and principal payments due on government and government-guaranteed loans. However, by the end of the 1980s, Egypt had accumulated arrears on some of its payments, and the balance of payments deteriorated even further.¹¹² Implementation of economic reforms was imperative at this stage.

The Iraqi invasion of Kuwait afforded Egypt the opportunity to adopt the painful contractionary reform policies more smoothly.¹¹³ Egypt's participation in the US-led coalition was rewarded with windfall gains that relived Egypt from its heavy debt-service. Egypt was rewarded for its 'unique contribution in galvanising international support against Iraqi aggression' by writing-off US\$7.1 billion (of

¹¹¹ *Egypt: Country Profile, 1990-91*, (London: The Economist Intelligence Unit, 1990), pp. 44.

¹¹² Posusney, M., *Labor and the State in Egypt: Workers, Unions, and Economic Restructuring*, (York: Columbia University Press, 1997), pp. 210.

¹¹³ Hinnebusch, R., "The Politics of Economic Liberalization: Comparing Egypt and Syria", in H. Hakimian, and Z. Moshaver (eds.), *The State and Global Change: The Political Economy of Transition in the Middle East and North Africa*, (Richmond: Curzon Press, 2001), pp. 132.

which interest arrears and penalty charges amounted to US\$2.55 billion) of its military debt to the US.¹¹⁴ Moreover, the US exerted pressure on the IMF to be lenient in its terms of negotiations with Egypt, and to secure financial aid from Western and Gulf Arab states.¹¹⁵ Subsequently, the Gulf Arab states wrote-off US\$7 billion of Egyptian debt, and granted Egypt US\$2 billion cash flows for participating in the liberation of Kuwait.¹¹⁶

Hence, in 1991, Egypt agreed with the IMF to adopt an Economic Reform and Structural Adjustment Programme (ERSAP). The regime always emphasised that the reforms did not compromise the national independence of Egypt in choosing its own economic path. In many of his speeches, Mubarak has stressed that economic policies proposed by the IMF were just recommendations, which the government could accept or decline.¹¹⁷ The regime marketed these policies as reforms that would translate into a lower cost of living for the poor, and to transform the economy into a free market economy that would, eventually, lead to prosperity.¹¹⁸

¹¹⁴ Quoted in *Egypt: Country Profile, 1991-92*, (London: The Economist Intelligence Unit, 1991), pp. 48.

¹¹⁵ *Egypt: Country Profile, 1990-91*, (London: The Economist Intelligence Unit, 1990), pp. 8-9.

¹¹⁶ *Egypt: Country Profile, 1990-91*, (London: The Economist Intelligence Unit, 1990), pp. 44.

¹¹⁷ Zaki, M., *Egyptian Business Elites: Their Visions and Investment Behavior*, (Berlin: Konrad-Adenauer-Stiftung, 1999), pp. 106.

¹¹⁸ Butter, D., "Debt and Egypt's Financial Policies", in C. Tripp, and R. Owen (eds.), *Egypt under Mubarak*, (London: Routledge, 1989), pp. 124.

Social Welfare

Economic difficulties forced the regime to adopt economic reforms. These reforms entailed reducing the state intervention in the economy. One of the implications of the curtailment of the state was the retrenchment of the welfare state. This retrenchment was a response to the fiscal crisis in the absence of sources to finance welfare expenditure. The regime was able to rationalise the state while avoiding mass riots because of employing several techniques, such as obfuscation of 'winners and losers' of the privatisation process, or by not announcing the adopted austerity measures, as was the case with food subsidies.¹¹⁹ However, the economic reforms have hurt middle and lower income groups, who have to face economic hardships due to the rescinding of the welfare state, especially in the area of food subsidy.

Food Subsidies

In 1980, food subsidy encompassed 18 items, and amounted to 17% of total government expenditure.¹²⁰ Aware of the significance of food subsidies for the social contract, Mubarak's regime had to face the challenge of cutting down the cost of subsidy, in order to reduce the budget deficit, without undermining regime legitimacy. The regime views food subsidies as a political and social issue due to

¹¹⁹ Zaki, M., *Egyptian Business Elites: Their Visions and Investment Behavior*, (Berlin: Konrad-Adenauer-Stiftung, 1999), pp. 105-106.

¹²⁰ Ali, S., and Adams, R., "The Egyptian Food Subsidy System: Operation and Effects on Income Distribution", *World Development*, vol. 24, no. 11, November 1996, pp. 1777.

their significance for middle and lower income groups.¹²¹ It recognises that the elimination of subsidies may lead to popular upheavals. Thus, successive governments under Mubarak tried to reduce the cost of the subsidy by phasing out the subsidy or reducing the proportion of population covered by the subsidy programme.

For example, in 1981, the government reduced the level of subsidy by dividing holders of ration cards into two 'categories', fully subsidised (green cards); and partially subsidised (red cards). Green cards covered public sector or government employees; those claiming pension or social insurance; those who are in irregular, seasonal or temporary employment; widows and divorcees of members of the aforementioned categories; owners of 10 feddans or less; and Sudanese, Palestinians, and political refugees residing in Egypt.¹²² Holders of red ration cards, on the other hand, included private sector employees or individuals earning high incomes; and owners of 10 feddans or more.¹²³

Additionally, the government removed the subsidy from some commodities, such as beans, lentils, and frozen meat, in spite of the regime's declared commitment to the food subsidy programme. Raising the prices of commodities separately meant that

¹²¹ Ayalon, A., "Egypt (Jumhuriyyat Misr al-'Arabiyya)", *Middle East Contemporary Survey*, vol. XIII, 1989, (Boulder: Westview Press, 1989), pp. 296.

¹²² In 1996 (Law No. 152) the last group was removed from the list entitled to green cards.

¹²³ *Egypt Human Development Report 1997/98*, (Cairo: Institute of National Planning, 1998), pp. 70; and Law No. 483/1987, *al-Waqā'i' al-misrīyah* [Egyptian Events], issue 187, 20 August 1987, pp. 932-934.

the population has not experienced a drastic increase in the cost of living.¹²⁴ The slow process of phasing out subsidies has involved raising the prices of some products slowly but steadily, and introducing different packages of the product for higher prices. For example, in 1984, the price of *baladi* bread was effectively raised, as the weight of the loaf sold for P.T.1 was reduced from 140 grams to 69 grams, and an 'improved loaf' sold for P.T.2 was introduced alongside the ordinary loaf, which was made less available at bakeries, until it was phased out totally.¹²⁵

After signing the agreement with the IMF in 1987, the prices of some commodities, for example, sugar and cigarettes, were increased by 20%. However, Mubarak declared an exceptional raise of 20% for all employees on the public payroll in order to pre-empt any protests that may have arisen due to the rise in prices of these commodities. The result of this raise was that the government was unable to meet its promised cut in its expenditures.¹²⁶

Throughout the 1980s and early 1990s, the government managed to gradually cut down the size of the subsidy as a percentage of government expenditure and GDP.¹²⁷ The government has employed 'psychological conditioning' in phasing out

¹²⁴ Springborg, R., "Egypt", *Economic and Political Liberalization in the Middle East*, in T. Niblock, and E. Murphy (eds.), (London: British Academic Press, 1993), pp. 149.

¹²⁵ 'Abd al-Rāziq, H., "Nahnu wa al-ra'īs wa mashākil al-nās [We and the President and the Problems of the People]", in *Lihazā nu'ārid Mubārak* [For This We Oppose Mubarak], (Cairo: Al-Ahālī, 1987), pp. 305.

¹²⁶ Posusney, M., *Labor and the State in Egypt: Workers, Unions, and Economic Restructuring*, (New York: Columbia University Press, 1997), pp. 199.

¹²⁷ *Egypt Human Development Report 1997/98*, (Cairo: Institute of National Planning, 1998), pp. 68.

subsidies. Instead of eliminating subsidies outright, it has provided goods/services of low quality, and through delayed delivery, thereby forcing people to seek these commodities elsewhere in the market.¹²⁸ This policy has produced the desired result, as people have become more tuned to price increases, and there have been no major mass protests over price increases. Thus, by 1995, only four items were subsidised, namely, wheat flour (82% extraction), bread, edible oil (0.5 kg per person monthly), and sugar (1 kg per person monthly); and food subsidies constituted 6% of total government expenditure and 5.5% of GDP.¹²⁹

Education

Expansion in education remained a priority under Mubarak. Expenditure on education as a percentage of social spending increased from 24.6% in 1981/82 to 60% in 1994/95.¹³⁰ Expenditure on education as a percentage of government expenditure, in 1994/95, reached 14.9%, of which 66.7% went to pre-primary, primary, and secondary education, and the rest went to tertiary education.¹³¹ Accordingly, literacy rates increased from 39.2% in 1976 to 44.5% in 1986 and 55.5% in 1996. Gross enrolment in basic education increased by 97% during the

¹²⁸ Harik, I., "Subsidization Policies in Egypt: Neither Economic Growth Nor Distribution", *International Journal of Middle East Studies*, vol. 24, 1992, pp. 497.

¹²⁹ *Egypt Human Development Report 1997/98*, (Cairo: Institute of National Planning, 1998), pp. 69-71.

¹³⁰ *Egypt Human Development Report 1997/98*, (Cairo: Institute of National Planning, 1998), pp. 37.

¹³¹ *Human Development Report 2000*, (New York: Oxford University Press, published for UNDP), pp. 163, 196.

period 1980-1996/97. The number of pre-university schools increased by 12% during the period 1991/92-1995/96.¹³² However, most of the expansion in pre-university education under Mubarak's rule was achieved at the preparatory and secondary levels, as is detected in the tables below.

Table 4.7: Expansion in enrolment in primary, preparatory, and secondary education during the period 1981/82-1997/98

Stage of Education	1981/82	1992/93	1997/98	% Growth 1981/82-1997/98
Primary	4,748,414	6,333,703	7,499,303	57.93
Preparatory	1,652,949	3,344,246	3,927,445	137.60
Secondary	1,209,060	2,192,526	2,701,621	123.45
Total	7,610,423	11,870,475	14,128,369	85.64

Source: *al-Malāmiḥ al-ʿāmah li-sīyāsāt al-riʿāyah al-igtmāʿiyah fī al-taʿlīm qabl al-gāmiʿī* [The General Features of the Social Care Policy in Pre-university Education], (Cairo: The Regional Arab Office for Research and Documentation in Social Science, 1988), pp. 26-28.; and *National Statistics*, (Cairo: Ministry of Education, several issues).

Nevertheless, according to *Al-Aḥālī*, expansion in education, under Mubarak, is not as impressive as it seems. Although the budget of education doubled between 1981 and the early 1990s, the real value of expenditure on education (after adjusting for inflation) did not change; in fact, it decreased. In addition, 40% of school buildings are not in a good condition, and the density of students in classrooms reached 60 students.¹³³

¹³² *Egypt Human Development Report 1997/98*, (Cairo: Institute of National Planning, 1998), pp. 33.

¹³³ *Al-Aḥālī*, Wednesday 17 May 2000, pp. 4.

Furthermore, in spite of the expansion in free education, which was decreed as a universal right in the 1971 Constitution,¹³⁴ not everyone enjoys this right. This is because of constraints related to sex, family background, fees, and geographical location of family¹³⁵ – as some places in Egypt have no access to schools.¹³⁶ The implication of this is that lower income groups have less access to education. This was confirmed by an unpublished report prepared by the People's Assembly in 2000, which pointed out that 43% of low-income groups are illiterate, and 40% of them have finished their primary education only.¹³⁷ Sometimes poor families need the income of their children so they make them leave education to provide a supplement source of income for the household.¹³⁸

Moreover, upper income groups can afford better education for their children, even those attending state schools, through private lessons.¹³⁹ In general, children from

¹³⁴ Education was declared as compulsory in its first stage and free in state school in 1956 Constitution as well as the provisional one in 1958. The 1964 Constitution extended free education to all stages in state schools and even the university. This was retained in 1971 Constitution. In 1981, compulsory education was extended to the preparatory stage, which was added to the primary stage; and they both became known as basic education. See *Takāfū' al-furas fī al-sīyāsah al-ta'limīyah fī Misr* [Equal Opportunities in Educational Policy in Egypt], (Cairo: The National Centre for Social and Criminal Research and Labour Force, 1991), pp. 63-66.

¹³⁵ Williamson, B., *Education and Social Change in Egypt and Turkey: A Study in Historical Sociology*, (Basingstoke: Macmillan, 1987), pp. 127.

¹³⁶ *Takāfū' al-furas fī al-sīyāsah al-ta'limīyah fī Misr* [Equal Opportunities in Educational Policy in Egypt], (Cairo: The National Centre for Social and Criminal Research and Labour Force, 1991), pp. 88-89.

¹³⁷ *Al-Ahālī*, Wednesday 17 May 2000, pp. 4.

¹³⁸ Tabālah, Z., *Wāqī' al-ta'lim al-i'dādī wa kaifīyat tatwīruh* [The Reality of the Preparatory Education and the Mechanism of its Development], (Cairo: Centre of National Planning, 1994), pp. 43.

¹³⁹ Sabagh, G., "Migration and Social Mobility in Egypt", in M. Kerr, and S. Yassin (eds.), *Rich and Poor States in the Middle East: Egypt and the New Arab Order*, (Boulder: Westview Press, 1982), pp. 87.

poor families have lower chances of finishing their education (this was confirmed through the fieldwork conducted by the researcher) due to absence, repetition, and eventually drop out;¹⁴⁰ and, hence, they have a lower chance of obtaining well-paid jobs than their counterparts from well-to-do families, who are able to complete their university studies. Thus, the principle of equal rights to education, as stipulated in the Constitution, is violated.¹⁴¹

This difference between children from a low socio-economic background and those from a higher one is amplified by the positive correlation between performance at school and the financial and educational background of parents, the environment at home, and the occupation of the father, as detected through empirical studies.¹⁴²

Also, the presence of different kinds of schools (state, experimental, and private), which offer different skills for different fees, produces individuals with different qualifications. This system deepens socio-economic inequalities in society. In other words, parents from higher socio-economic background send their children to better schools, in terms of facilities and language teaching; and they receive better

¹⁴⁰ According to a study undertaken by El-Shikhaby, general secondary students with lower socioeconomic background tend to score lower than those from higher socioeconomic one. The process is further accentuated by the state, which supplies high socioeconomic areas with more qualified teachers and better facilities. Cited in McDonald, M., "Egyptian Education and Development", *Journal of Arab Affairs*, vol. 5, no. 1, spring 1986, pp. 73.

¹⁴¹ McDonald, M., "Egyptian Education and Development", *Journal of Arab Affairs*, vol. 5, no. 1, spring 1986, pp. 73.

¹⁴² *Takāfū' al-furas fī al-sīyāsah al-ta'limīyah fī Misr* [Equal Opportunities in Educational Policy in Egypt], (Cairo: The National Centre for Social and Criminal Research and Labour Force, 1991), pp. 108-110.

education in these schools. Consequently, they obtain better jobs, thereby, perpetuating inequalities in society.¹⁴³

This multiple system of education has expanded under Mubarak's rule. Thus, the share of household expenditure on education has been rising. In other words, free education has continued to diminish under Mubarak, as school fees (even in state schools) have risen dramatically; fees for primary, preparatory, and secondary education rose from E£2, E£3, and E£4 in 1985, to E£21.60, E£34; to E£56 in 1999 respectively.¹⁴⁴ Although students do not pay tuition fees for education in state schools, education in these schools is not free, despite the official rhetoric of free education in Egypt. Students pay school fees under different names, such as parents' council, activities, examination, and admission fees. In addition, they pay for group studies at school, external textbooks, and private tutoring. Those who can afford private education pay more fees to receive better education, and enhance their chances in life.¹⁴⁵

Inequality in opportunity for lower income groups has been exacerbated by the abrogation of guaranteed employment. This meant that upward mobility for lower

¹⁴³ *Takāfū' al-furas fī al-sīyāsah al-ta'limīyah fī Misr* [Equal Opportunities in Educational Policy in Egypt], (Cairo: The National Centre for Social and Criminal Research and Labour Force, 1991), pp. 105.

¹⁴⁴ *Ihsā'iyāt wizārat al-tarbīyah wa al-ta'lim* [Ministry of Education Statistics], (Cairo: The Ministry of Education, 1985, 1999).

¹⁴⁵ *Egypt Human Development Report 1997/98*, (Cairo: Institute of National Planning, 1998), pp. 35-36.

income groups through education is blocked,¹⁴⁶ especially in the absence of alternative employment opportunities in the private sector, which could not absorb all graduates from the education system.

Public Health Care

In Egypt, health care is available through four main channels:

- Public hospitals and clinics;
- Health insurance system (covers government employees, industrial workers, and school students);
- PVOs (mainly affiliated to religious institutions);
- Private polyclinics and hospitals.

The health care system in Egypt is financed through various sources, such as general revenue, social insurance, and external donors. Public health services are provided through a network of health facilities owned and managed by the state. The Ministry of Health has over than 3,700 primary, secondary and tertiary health care facilities, and over 95% of the population live within five kilometres of a government health facility. The state expenditure on health (including the government and public sector) represents 44% of total expenditure on health; the

¹⁴⁶ Ebeid, M., "The Role of the Official Opposition", in C. Tripp, and R. Owen (eds.), *Egypt under Mubarak*, (London: Routledge, 1989), pp. 45.

rest is financed by the private sector.¹⁴⁷ This implies that the majority of expenditure on health care is borne by households and the private sector.

The main achievement in the health sector during Mubarak's rule has been the school health insurance scheme.

The School Health Insurance Programme

Mrs Suzanne Mubarak has shown a commitment to the improvement of the welfare of children. 'The 1980s was declared the Decade of the Child in Egypt.' In 1992, that the People's Assembly passed Law No. 99 that extended health insurance to students in schools. The result of extending health insurance to students in schools was increasing the number of citizens insured under the HIO from 3.75 million in 1988 to 14 million in 1993, to 25 million in 1999. Therefore, the percentage of the population covered rose from 5% in 1988 to 25% in 1993, to 37% in 1999.¹⁴⁸

Covering children at school has three main benefits. First, it helps improve children's, especially those from lower socio-economic background, access to health care. Second, comprehensive health insurance policies can be negotiated

¹⁴⁷ Nandakumar, A., M. Chawla, and M. Khan, "Utilization of Outpatient Care in Egypt and Its Implications for the Role of Government in Health Care Provision", *World Development*, vol. 28, no. 1, January 2000, pp. 188.

¹⁴⁸ Nandakumar, A., M. R. Reich, M. Chawla, P. Berman, and W. Yip, "Health Reform for Children: The Egyptian Experience with School Health Insurance", *Health Policy*, vol. 50, no. 3, January 2000, pp. 159-160; *Egypt: Country Profile, 2000*, (London: The Economist Intelligence Unit, 1990), pp. 51; and *Taqrīr al-mutāba'h al-sanawī 'an nashāt al-hay'ah khilāl 'ām 1998/99* [The Annual Report of the Activity of the Organisation for year 1998/99], (Cairo: National Health Organisation, 2000), pp. 1.

using school populations as 'an effective grouping mechanism'. Finally, it promotes awareness about health care for the children as well as for parents.¹⁴⁹

For financing the programme, each child pays an insurance annual premium of E£4, and the government pays E£12 per child, half of which is raised from a cigarette consumption tax of P.T.10 per 20 cigarettes packet, earmarked for this purpose, and the rest comes from general revenues of the government. In addition, parents make a co-payment of one-third of the costs of prescription drugs, for treatment of non-chronic conditions. Other sources of funding include co-payments, other charges, donations, and interest earnings on investments.¹⁵⁰

In evaluating this programme, one should look at the equity of the system. The system is biased towards urban regions, especially Cairo, which have better facilities both in terms of personnel and equipment because they receive more funding. Furthermore, the system only covers the children enrolled in school. According to Egypt Household Health Care Use and Expenditure Survey (EHHUES), which was carried out by the Egyptian Ministry of Health and Data for Decision Making Project in 1994-95, nearly 70% of school age children are not enrolled in schools, 30% of whom come from the lowest income quintile. This

¹⁴⁹ Nandakumar, A., M. R. Reich, M. Chawla, P. Berman, and W. Yip, "Health Reform for Children: The Egyptian Experience with School Health Insurance", *Health Policy*, vol. 50, no. 3, January 2000, pp. 156.

¹⁵⁰ Law No. 99/1992, Article 3, in Zakī, M., Z. Husaīn, and F. 'Afīfī, *Tahsīn khadmāt al-ta'mīn al-sihyī li-talāmiz al-marhalah al-'ulā min al-ta'lim al-asāsī: dirāsah istikshāfiyah* [Improving Health Insurance Services for the Students of the First Stage of Education: An Exploratory Study], (Cairo: The Ministry of Education, 1993), pp. 71-72.

means that many of the children from a low socio-economic background are excluded from the system.¹⁵¹

It is also questionable whether the government will be able to sustain such a programme, given the limited resources of the state and the increase of new student enrolment of 6% every year, and repetition, which is a common problem of the education system, especially primary schooling, in Egypt.¹⁵²

It should be noted that this scheme was viable due to two factors. First, it is relatively easy to mobilise support for this insurance scheme; second, the scheme is possible to administer because this group of beneficiaries is easy to target. On the other hand, such welfare reforms have proved very problematic to dismantle, when difficulties arise due to limitations of administration and/or funding.¹⁵³

In spite of the improvements in the standard of health of the population, as reflected, for example, in a declining infant mortality rate (from 40 per thousand in 1989 to 28.7 per thousand in 1996),¹⁵⁴ rising life expectancy (from 60.5 and 63.5 in

¹⁵¹ Nandakumar, A., M. R. Reich, M. Chawla, P. Berman, and W. Yip, "Health Reform for Children: The Egyptian Experience with School Health Insurance", *Health Policy*, vol. 50, no. 3, January 2000, pp. 167.

¹⁵² Nandakumar, A., M. R. Reich, M. Chawla, P. Berman, and W. Yip, "Health Reform for Children: The Egyptian Experience with School Health Insurance", *Health Policy*, vol. 50, no. 3, January 2000, pp. 167-168.

¹⁵³ Nandakumar, A., M. R. Reich, M. Chawla, P. Berman, and W. Yip, "Health Reform for Children: The Egyptian Experience with School Health Insurance", *Health Policy*, vol. 50, no. 3, January 2000, pp. 169-170.

¹⁵⁴ *Egypt Human Development Report 1997/98*, (Cairo: Institute of National Planning, 1998), pp. 53.

1986 to 66.7 and 71.5 in 2001 for male and female respectively),¹⁵⁵ government expenditure in the health sector has been modest. According to an unpublished report prepared by the People's Assembly in 2000, health expenditure in Egypt in 1999 amounted to no more than 1.6% of the GDP, whilst in other LDCs and 'Western' countries, this percentage amounts to 2%, and 2.9% respectively. The government contributed only 28.9% to health care expenditure, and the HIO bears 14.1%, whereas the households' share is 54.2%. The report also notes that the poor allocate most of their income to 'inferior' health services, as they spend 4.9% of their income on health services compared to 3.8% for the rich. Total expenditure on using health services in Egypt is distributed as follows: 56% medicine, 36% private clinics, and less than 10% for hospitals. The low figure for hospitals probably reflects the reluctance of people to use these facilities due to the inferior conditions of public hospitals, and the prohibitively expensive services offered by private ones.¹⁵⁶

Due to limited funding, public hospitals have suffered from a shortage in supplies and pharmaceutical drugs. As a result, consumers are dissatisfied with these services.¹⁵⁷ Accordingly, outpatient customers of public hospitals declined by 23% during the period 1982-1993.¹⁵⁸ Customers prefer to use private facilities, despite

¹⁵⁵ *Statistical Year Book 1992-1998*, (Cairo: CAPMUS, 1999), pp. 32.

¹⁵⁶ *Al-Ahālī*, Wednesday 17 May 2000, pp. 4.

¹⁵⁷ *Egypt: Alleviating Poverty during Structural Adjustment*, (Washington, D.C.: World Bank, 1991), pp. 117.

¹⁵⁸ *Egypt Human Development Report 1997/98*, (Cairo: Institute of National Planning, 1998), pp. 62.

being more expensive, to receive a service of better quality in terms of competence and care of staff.¹⁵⁹

Mubarak's Welfare State and the Social Contract

Thus, faced with economic difficulties, the regime has been compelled to retrench the Egyptian state under Mubarak. The economic reforms undertaken in the 1990s have made many groups vulnerable, at least in the short run.¹⁶⁰ The regime has initiated a process of cutting down the size of the public sector, through a series of austerity measures taken upon the recommendations of the IMF after adopting structural reforms in 1991. The implication of this retrenchment has been the decline of the welfare state, as the main provider of welfare for middle and lower income groups, especially in food subsidies. Although investment in education has risen under Mubarak, the benefits for middle and lower income groups have been eroded by the rising cost of education for households. The main gain achieved was in the health sector, especially with the school health insurance scheme.

In response to the failure of the state to carry out its welfare functions effectively, the voluntary sector is reasserting itself. The voluntary sector has emerged as a prominent agent in the area of welfare provision. This acts as a challenge to state legitimacy, as the public is looking for support from PVOs.¹⁶¹

¹⁵⁹ See the discussion of the fieldwork in chapter 5.

¹⁶⁰ Korany, B., "Restricted Democratization from Above: Egypt", in B. Korany, R. Brynen, and P. Noble (eds.), *Political Liberalization and Democratization in the Arab World*, vol. 2, (Boulder: Lynne Rienner, 1998), pp. 60.

¹⁶¹ Sullivan, D., *Private Voluntary Organizations in Egypt: Islamic Development, Private Initiative, and State Control*, (Gainesville: University Press of Florida, 1994), pp. 66.

As a consequence, the state has been losing power vis-à-vis society because its role as the provider has diminished. This signifies the need to redefine the social contract, since the regime's promise to address the economic problems of Egypt has not translated into better economic conditions for the majority of the population. The regime is aware that the state is not 'powerful enough to impose' the austerity measures without 'consensus'.¹⁶² The regime has moved more towards a free market economy, strengthening its ties with the private sector in general, and with businessmen in particular. This is because businessmen are the group that will benefit most from economic liberalisation and a free market economy.

Middle and lower income groups have lost out, at least in the short run. They have, therefore, become more alienated from the regime. The challenge of the regime will be to find an alternative formula for the contract that can take the interest of these large segments of the population into consideration, and hence act as a durable source of legitimacy.

Conclusion

Egyptian regimes have always tried to preserve their autonomy and limit the ability of their populations to influence policy-making. To this end, they have portrayed themselves as the guardians of the 'common interest', who endeavour to achieve adopted, domestic and international, objectives. They have offered their populations welfare and patronage to give up their political rights and liberties. The main

¹⁶² Bianchi, R., *Unruly Corporatism: Associational Life in Twentieth-century Egypt*, (Oxford: Oxford University Press, 1989), pp. 89.

beneficiaries from welfare policies have been middle and lower income groups. These groups have bought into the contract because they have benefited from welfare policies, which have ranged from land reform, food subsidies, free education and health care, and guaranteed employment.¹⁶³

This has allowed Egyptian regimes to enjoy a considerable autonomy in steering the country according to their visions. Nevertheless, the support they have enjoyed has been conditioned by the ability of the regime to provide the promised welfare. Once resources dried up, and the regime was unable to honour its part of the contract, recipients of welfare products withdrew their support; this was exemplified in the riots of 1977 when Sadat reduced food subsidies. Accordingly, the regime had to maintain the welfare state, and/or redefine the formula of the contract.

The welfare state, therefore, acts as a safety valve for the regime; it provides middle and lower income households with goods and services that may otherwise be prohibitively expensive and beyond the means of these households. The inability of these households to secure a supply of these products can be a source of resentment, which can be threatening to regime stability. Welfare provision has, therefore, constituted a major component of the obligations of Egyptian regimes, according to the social contract they have drawn with society since 1952. In other words, welfare provision has served as a legitimising tool for Egyptian regimes, as long they were able to meet this obligation.

¹⁶³ Weinbaum, M., *Egypt and the Politics of U.S. Economic Aid*, (Boulder: Westview Press, 1986), pp. 131.

The state has adopted welfare policies, since the 1952 revolution, to improve the conditions of middle and lower income groups.¹⁶⁴ Thus, Nasir's policies raised the expectations of middle and lower income groups through the extension of free education and health care, and guaranteed employment as the rights of citizens. These welfare products afforded them an opportunity for upward mobility. The process of rising expectations was 'fuelled' by the consumerist policies of Sadat's *infitah*.

Mubarak tried to maintain the welfare state to preserve the stability of his regime; he appeased middle and lower income groups through the maintenance of a large public sector, the provision of subsidised foodstuff, and education and health care nearly free of charge. However, this was so costly for the public purse, given Egypt's meagre resources. The fiscal crisis of the state, in the mid-1980s, dictated the adoption of economic reforms. Escalating economic pressures on the state commanded the retreat of the state from its patriarchal role, especially in the area of welfare provision, and the withdrawal of some of the 'rights' it had conferred upon its citizens. This has led to the disappointment of the expectations of middle and lower income groups.¹⁶⁵

However, after welfare benefits have been presented to the populace as rights, based on their citizenship, for nearly five decades, the holders of these rights are reluctant

¹⁶⁴ Egypt: *Alleviating Poverty during Structural Adjustment*, (Washington, D.C.: World Bank, 1991), pp. 1.

¹⁶⁵ MacLeod, A., "The New Veiling and Urban Crisis: Symbolic Politics in Cairo", in M. Bonine (ed.), *Population, Poverty, and Politics in Middle East Cities*, (Gainesville: University Press of Florida, 1997), pp. 313-322.

to give up their rights. Thus, Mubarak's regime has to be cautious in dismantling the welfare state; welfare benefits have been eroded slowly but steadily, signified in the declining food subsidy as a percentage of government expenditure and GDP, and the rising share of household contribution to the cost of education at state schools.

After we have traced the rise, expansion and retrenchment of welfare policies, we can conclude that there has been a welfare state in Egypt, though short-lived. The welfare state constituted an essential component of the social contract formula since 1952. The three Egyptian regimes have continually redefined the terms of the contract to preserve their rule, and maintain their autonomy vis-à-vis society. This was reflected in the rise, expansion and retrenchment of welfare provision during the rule of Nasir, Sadat and Mubarak respectively. As resources dried up, at different stages during the rule of the three regimes, they were compelled to curtail the welfare state, but have reluctantly offered the population more political freedom instead.

Now that we have presented a macro picture of the welfare state in Egypt since its rise under Nasir, we will explore welfare provision at the micro level in the late 1990s. We will examine the attitudes and perceptions of a sample of lower income households of welfare products offered by the state in the areas of food subsidies, education, and health care, through a fieldwork conducted by the researcher in Cairo during the period 1998-99. This will illustrate how efficient the Egyptian state is in delivering welfare products in the aforementioned areas, according to these

households, and how far the state meets the expectations of the recipients from the state.

Chapter Five

Fieldwork

Introduction

In the last chapter, we looked at the development of the Egyptian welfare state since the revolution. We examined the rise of welfare policies during Nasir's rule as a means to appeal to middle and lower income groups. We also discussed the expansion of welfare provision under Sadat, particularly, after his liberal Western orientated policies, signified in *infitah*, had not delivered the expected prosperity to the majority of the population. Finally, we explored the retrenchment of the welfare state under Mubarak because of the state's financial burdens.

Since the 1952 revolution, Egyptian regimes have constantly stressed their commitment to raising the welfare of lower income groups. Egyptian leaders have assumed a paternal role towards lower income groups by taking on the responsibility to provide for them. To this end, successive governments have adopted various policies, such as land reform, subsidies, and income transfers. They have manipulated welfare policies to reach these segments of society, after blocking avenues of political participation, which could have acted as a vehicle for

generating support for the regime, but could have also become a forum for challenging its power, and hindering the evolvement of a strong civil society.

In the light of fifty years of a declared commitment to improve the welfare of lower income groups, this chapter aims to look at how lower income households are faring in the late 1990s under the prevalent system of welfare in three main areas, food subsidies, education, and health care. In this chapter, we will assess the relevance of these welfare policies to lower income groups in the late 1990s through a fieldwork undertaken by the researcher between December 1998 and October 1999.

The fieldwork will contribute to our understanding of the access of lower income groups to these goods and services and their dependency on the state. It will also shed some light on the value of these goods and services to lower income households, and how these households perceive the quantity and/or quality of these goods and services. This is important for the purpose of the research, as it will show how successful the regime has been in providing for these segments of society; in other words, how successful the regime has been in fulfilling one of its main obligations of the social contract. The author argues that expectations and perceptions of lower income groups of welfare provision by the state have been shaped by Egyptian regimes since 1952. They perceive welfare provided by the state as their right; it is the obligation of the state to meet their welfare needs.

First, we will discuss the methodology and the design of the fieldwork. Then we will look at the sampling technique, the criteria for selecting the sample, and the sample. After considering the questionnaire, we will present the results and discuss

them. Finally, the concluding section notes the limitations of the study and suggests some recommendations for further research on the subject.

Methodology

In order to evaluate how the regime has fulfilled its obligation of the social contract with reference to lower income groups through welfare provision, we need to investigate people's perception of the adequacy of the quantity and quality of goods and services provided by the state. A fieldwork asking lower income households about their perceptions was the optimal solution. The ideal solution would have been to ask the subjects about their expectations from the state and whether they thought the state was fulfilling its obligations towards them. However, this was not possible as such research areas are prohibited in Egypt. The researcher, therefore, conducted a field study, between December 1998 and October 1999, in order to evaluate people's perceptions of welfare programmes in Egypt, in the areas of food subsidies, education, and health, in the late 1990s, and their contribution to improving the welfare of lower income groups. The researcher investigated whether these goods and services were utilised by these income groups and how they assessed them.

The fieldwork comprised three elements: a structured survey, focus groups, and interviews with heads of some religious organisations.

Structured Survey

The structured survey investigated how far low income households depended on the state as their provider in their consumption of the afore-mentioned goods and services. It also examined their perceptions of the quantity and quality of these products. Alternative coping mechanisms, mainly seeking support from religious organisations, were also explored.

A pilot study of 10 cases was carried out before conducting the survey to make sure that the questions were clear, easily understood by the respondents, logical in order, and elicited answers. This was very useful for the researcher, as some of the questions needed modification. For example, the two questions (19 and 21) enquiring when respondents sought medical treatment for adults and children in the household, originally, the researcher had prepared an exhaustive list of illness, and respondents were supposed to choose as many as applied to them. This proved to be too complicated and time consuming, taking into consideration that the researcher who filled in the questionnaire herself had to read out the list to them, so the researcher had to reduce the answers to two responses 'everything' or 'only in serious illness'. This, however, compromised the information obtained, as the responses of the subjects depended on what they considered 'serious' rather than a predefined list of illness.

The order of question 7 and 8 needed to be changed, as people who did not possess ration cards did not need to choose a preferred type of subsidy. The researcher also had to change question 9 on consumption as some of the items, such as poultry and

fruit were originally expressed in money terms, but respondents found it easier to recall quantities.

In the education section, questions 10 and 11a, a 'does not apply' box had to be added for those who were exempted from paying fees.

In the health section, in questions 20 and 22, ranking the facilities that respondents would use in seeking medical treatment had to be taken out, as they were too complicated because respondents did not fill in the questionnaire themselves. In question 23, where respondents were asked whether they agreed/disagreed with statements about the services they used, originally, the question was to specify whether they 'strongly agreed', 'agreed', 'neutral', 'disagreed', or 'strongly disagreed'; however, as it was too confusing for the respondents, the question was limited to 'agree', 'neutral', 'disagree', and 'does not apply' was added.

Also when explaining some questions, the researcher had to use simple language, and avoid using terms that might be unfamiliar to some subjects, especially illiterate ones, such as *mu'ahil ta'līmī* (educational qualification), and *da'm* (subsidy).

Focus Groups

The researcher also used focus groups to give more insight into the structured survey. The researcher held 4 sessions of 30 minutes each with 4 different groups of 3-5 women. Participants were asked to discuss their living conditions in general, and specific issues related to the questionnaire, such as problems perceived with

ration cards, the importance of education, and their assessment of health care facilities that they usually visited. The discussions provided in-depth material that proved to be very beneficial to the interpretation of the data.

Interviews

The researcher conducted personal interviews with some of the heads of religious organisations (Muslim and Coptic Orthodox). The purpose of these interviews was to get some information about the activities of these organisations, and the way they had developed recently, and how they served their communities. Also, the criteria for deciding whether a candidate could be placed on their list of deserving poor were considered.

Interviews with leaders in Muslim organisations (MOs) revealed that, in general, MOs offer assistance in cash and kind to their beneficiaries. Regular monthly cash assistance is provided only to orphans (usually E£5-10 per child), who are in education. This assistance stops at the age of 16, or before if the child drops out of education before this age. In-kind assistance includes free lessons, and free health care services to orphans registered with them, only if these facilities are provided by the association in question. They also provide free medicine prescribed by *their* doctors if it is available at their facilities. This type of assistance is, however, diminishing due to the provision of free health insurance at schools. Additionally, in *Eids* (*fitr* and *adhā*), MOs distribute food items to poor families within their vicinity.

Christian organisations (COs) (churches or associations), on the other hand, provide monthly payments to households classified as deserving poor. Although these payments differ from one organisation to another, they range between E£10 and E£40 per family. COs are different from their Muslim counterparts in the extent and range of assistance they provide to their beneficiaries. COs pay (full or partial) school tuition fees for those who cannot afford them, and some of them offer free lessons for poor school children. They also provide free health care to the poor, by referring whom they consider poor to an affiliated health facility, or sometimes even paying the fee for a private doctor; in many cases, they also provide prescribed free medicine in cases where the sick person cannot afford it.

Due to the sensitivity of the subject of the study, names and identities of all those who facilitated the research and contributed to the fieldwork will be kept anonymous in order to protect them.

Study Design

In this study, the unit of analysis is the household. The researcher found the household more useful than the individual for two primary reasons. First, family plays a central role in everyday life of Egyptians, especially lower-income groups, as it offers financial and moral support.¹ This is particularly conspicuous at times when market solutions fail, as many of these people are unskilled and they are involved in casual employment. This leads to the second point, which is that

¹ Singerman, D., and H. Hoodfar (eds.), "Introduction: The Household as Mediator: Political Economy, Development, and Gender in Contemporary Cairo", in *Development, Change, and Gender in Cairo: A View from the Household*, (Bloomington: Indiana University Press, 1996), pp. xvii.

members of a household tend to benefit from living together by pooling their incomes, especially when several members of the household are employed, or sometimes by not contributing any income yet enjoying food consumption with the household.

The researcher studied households from a lower income area in Cairo. This area was chosen because the researcher had a network of local contacts, who could provide access to households. Because of the sensitivity of the topic, as some questions deal with revenues and everyday expenditures, trust was important so that people could reveal information about their living conditions. Food expenditures, particularly, proved to be a sensitive issue for lower income households, as some people seemed to be ashamed of their low levels of consumption of certain items, such as beef and fruit, which exposed their poor standard of living.

Sampling

The main purpose of this fieldwork is to offer a 'snapshot' of the attitudes and perceptions of lower income households of welfare systems in Cairo, rather than to present an exact measure of their attitudes. The researcher relied upon a non-probability sample, as it would have been very difficult to contact people randomly if a probability sampling technique had been employed. The sampling technique used was purposive sampling in which people were chosen on specific criteria, as they were already known by the contacts of the researcher. The advantage of this method is that it has allowed the researcher to concentrate on lower income

households, who are the focus of the study. This made the study more efficient in terms of time and data collection.²

Another technique was also used with some cases, namely, *snowballing*, where the researcher was introduced to the first subject through a contact, who then helped identify other subjects in the area.³ In this case, these households were asked to nominate other households with similar or lower standards of living. Although the researcher did not know these people, there was still some trust because the subjects knew the referee, and the information collected was, therefore, still reliable.

The size of the sample was 160 households. Since religious organisations offer different types of assistance to their beneficiaries, it was essential to include the two major religious elements of society, Muslims and Coptic Orthodox. At the beginning, the researcher aimed at choosing 80 Muslim households and 80 Christian households. However, this was not possible as the researcher was bound by her contacts and their religious affiliations, whether they were Christians or Muslims. The sample comprised 85 Muslim households and 75 Christian households.

² See Denscombe, M., *The Good Research Guide for Small-scale Social Research Projects*, (Buckingham: Open University Press, 1998), pp. 15-16.

³ See Denscombe, M., *The Good Research Guide for Small-scale Social Research Projects*, (Buckingham: Open University Press, 1998), pp. 16.

Criteria for Selection of Subjects

As the purpose of the fieldwork is to assess the accessibility and perceptions of lower income households of subsidies in order to evaluate the success of the state in meeting its obligation of the social contract, the subjects of the study had to be lower income households. The subjects had either to identify themselves or be identified by others, the contacts, as lower income households. For the purpose of the research, others' identification of lower income households is relevant because in order for these households to receive help from religious organisations, they have to be identified as poor by these organisations.

In the case of Christians, the 'poor' who were qualified to receive assistance were the ones who did not have a regular source of income, the head of the household was not working, or the household comprised a large number of dependents. And in the case of Muslims, MOs provided assistance only to orphans, after ensuring that the income of the household was low. Some of the households in the sample did not fit the criteria of receiving assistance from religious organisations; however, they were identified as poor by the contacts of the researcher. In other words, their situation was slightly better than those who qualified to receive help.

The contacts of the researcher came from the chosen 'poor' area in Cairo; so they were familiar with the sample of households and their problems. In some cases, the contacts were people from the local community who had worked as volunteers in religious organisations that serve the areas. Being locals, they also helped prepare meetings with Muslim and Christian households from this area.

Questionnaire

The survey was conducted through personal interviews based on a pre-designed structured questionnaire. This ensured a 100% response rate. The questionnaire was first designed in English then translated into Arabic. The Arabic version was checked by a specialist in surveys and questionnaires in order to ensure that it was an accurate translation of the English version.

Most of the questions were closed-ended, and a list of possible answers was drawn up. Answers to these questions were coded before data collection. Of course respondents came up with answers not anticipated by the researcher; in this case, the answers were codified after data collection. Only one question, asking why people who had ration cards preferred a certain type of subsidy, was open ended. Answers to this question were codified after conducting the fieldwork. Some questions allowed respondents to specify their answer when it was not one of the given answers; this afforded them the opportunity to include options missed out by the researcher; their responses were codified later.

Outline of the Questionnaire

The questionnaire was divided into five sections:

- Background information
- Food subsidy
- Education

- Health care
- Income

The researcher analysed the data from the filled-in questionnaires at the University of Durham, using Excel and the statistical programme, SPSS.

Data Collection

Personal interviews with the respondents were carried out in Arabic; and the questionnaires were completed by the researcher as most of the informants in the households were either illiterate or could not read and/or write well enough to complete the questionnaire. By personally conducting the survey, the researcher could minimise errors arising due to misunderstanding of the questions. However, the researcher had to be careful in phrasing the questions neutrally (when respondents could not understand the pre-designed question), to avoid leading the respondents to answering the question in a way that they thought is favourable to the researcher.

Most interviews were conducted either in the houses of the subjects, or in some Christian cases they were organised at Christian associations in the area. Visiting the homes of respondents was particularly useful for the researcher to see the housing conditions of the household, which though did not constitute a part of the study still showed the extent of poverty of the household. Each interview lasted on average between 20 to 45 minutes depending on the informants, how willing they were to talk about their lives and whether they drifted from the question, or rambled

on about their living and health conditions. Most of the time, other family members were present and they offered valuable contributions. The researcher made notes of all the relevant side information that respondents provided to give some additional insight for the analysis.

The researcher collected the information in most of the cases from women for two reasons. First, as the researcher is a woman and most of the interviews were conducted at the home of the respondents, which were sometimes composed of 1 bedroom, it was not culturally appropriate to interview men. Second, women were usually better informed about household expenditure on food, and the education of their children. However, this also had a disadvantage, as most women did not have accurate information about their husbands' real incomes.

Although in general, people were co-operative with the researcher regardless of their religion, religion sometimes proved to be an obstacle. Knowing that the researcher was Christian, some Christian respondents, for example, were reluctant to say that they used health facilities affiliated with MOs.

After we have discussed the methodology of the fieldwork, the study design, sampling, and data collection, we will now present the results of the survey.

Results

In this section, we will present the results of the survey. The results comprise the five sections of the questionnaire: background information, income, food subsidy, education, and health care. Although the income section was placed at the end of the questionnaire, in presenting the results we will place the results of the income section after the section on background information. This is because income is related to the background information, especially employment and means of income.

Background Information

The first section of the questionnaire covered the background of the households, including information such as names of members of household, their age, sex, educational qualification, occupation, and means of income. Through this section, the researcher was able to establish a rapport with the informants during the interviews.

The sample of 160 households comprised 756 members with an average size of household 4.7 (compared to 4.1 for Cairo according to the 1996 population census⁴). Of these households, 16 households were composed of 1 female member; and their ages ranged from 44 to 75. The following tables summarise the

⁴ *The Statistical Year Book, 1992-1998*, (Cairo: CAPMUS, 1999), pp. 16.

demographic composition of the households that came out from the first sheet of the questionnaire (see questionnaire in the appendix):

Table 5.1: Members of households grouped by age category and sex

Age category	Sex		Total
	Male	Female	
0-5	28	40	68
6-14	85	65	150
15-24	108	94	202
25-34	35	48	83
35-44	33	55	88
45-54	31	43	74
55-64	15	25	40
65-70	12	21	33
70+	12	6	18
Total	359	397	756

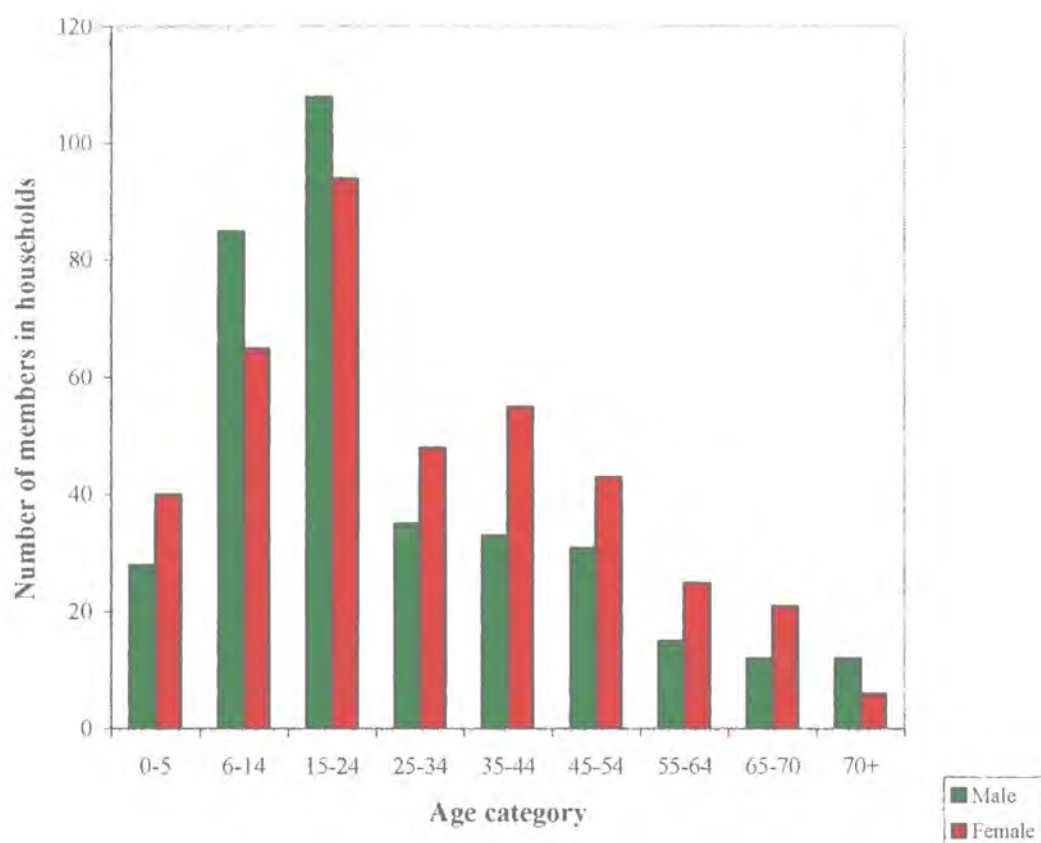


Figure 5.1: Members of households grouped by age category and sex

Table 5.2: Marital status of members of households grouped by sex

Marital status	Sex		Total
	Male	Female	
Single	146	106	252
Married	98	107	205
Separated	0	10	10
Divorced	3	11	14
Widow/er	2	60	62
Underage	110	103	213
Total	359	397	756

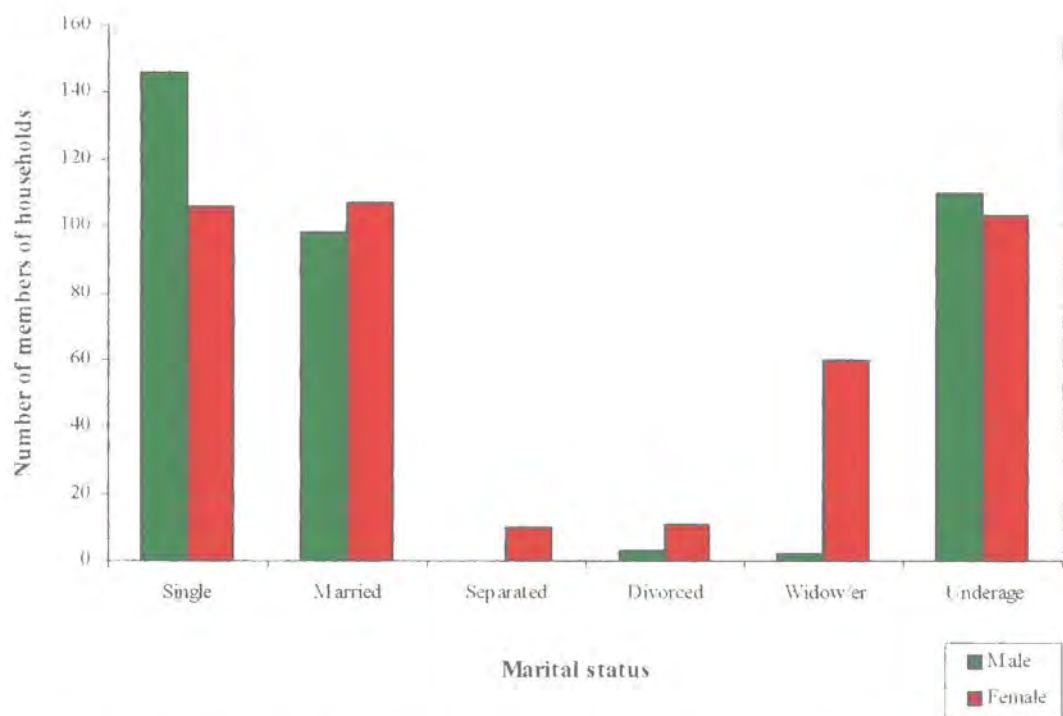


Figure 5.2: Marital status of members of households grouped by sex

Of the 756 members in all 160 households, 567 were not in formal education at the time the survey was conducted. The educational qualifications of members of households who were not in formal education are presented below.

Table 5.3: Educational qualifications of members of households not in formal education grouped by sex

Educational qualification	Sex		Total
	Male	Female	
Illiterate	110	176	286
Reads and writes	36	25	61
Signs his/her name	7	6	13
Primary	25	12	37
Preparatory	10	12	22
Secondary	0	1	1
Diploma	25	23	48
Higher education	4	5	9
Two-year institute after secondary education	3	1	4
Underage	39	47	86
Total	259	308	567

Reasons for leaving school or never joining the education system were as follows:

Table 5.4: Reasons for leaving school or never joining the education system distributed by sex (136 cases with 147 responses)

Reasons for leaving education	Sex		Total
	Male	Female	
No desire to learn	41	22	63
Income source for the family	20	0	20
Education is expensive	18	22	40
Illness	5	4	9
Not clever/low scores	1	2	3
Lack of awareness	1	4	5
Help with the housework	0	3	3
Marriage	0	2	2
Family problems	0	2	2
Total	86	61	147

The total number of members of households in education aged between 6 and 25 was 189, of whom females constituted 89 (47.09%), whilst males comprised 100 (52.91%). The following tables show the members of households still in formal education compared to total number of members in the sample in this age category classified by sex, and the distribution of those in formal education in primary, preparatory, secondary, and higher education classified by age category and sex respectively.

Table 5.5: Members of households still in formal education grouped by age category and sex compared to total members of households

Age category	In formal education		Number of members in the sample		Percent of those in the sample in formal education	
	Male	Female	Male	Female	Male	Female
6-12	50	31	66	41	75.76	75.61
13-15	22	31	32	38	68.75	81.58
16-18	20	22	46	36	43.48	61.11
19-22	7	4	35	30	20.00	13.33
23-25	1	1	20	24	5.00	4.17
Total	100	89	199	169	50.25	52.66

Table 5.6: Members of households still in formal education grouped by age and stage of education

Stage of education		Sex	Age groups of members of households still in education					Total
			6-12	13-15	16-18	19-22	23-25	
Primary		Male	38	2				40
		Female	26					26
	Total		64	2				66
Preparatory		Male	12	16	4	1		33
		Female	5	26	1			32
	Total		17	42	5	1		65
Secondary		Male		4	15			19
		Female		5	17			22
	Total			9	32			41
Higher education		Male			1	6	1	8
		Female			4	4	1	9
	Total				5	10	2	17
Total			81	53	42	11	2	189

Members of households who were not in the workforce, at the time the survey was conducted, amounted to 545 or 71.99% (210 male and 335 female), whereas those in the workforce amounted to 211 or 28.01% (149 male, and 62 female). If we exclude those who were still in formal education from those not in the workforce, the number of those not in the workforce drops to 357 or 47.16% (111 male and 246 female). The following tables summarise the distribution of those who were and those who were not in the workforce.

Table 5.7: Distribution of members of households not in workforce

Occupation	Sex				Total
	Male	Percent	Female	Percent	
Unemployed	57	27.14	72	21.49	129
Student	99	47.14	89	26.57	188*
Housewife	N/A	N/A	134	40.00	134
Retired	16	7.62	0	0.00	16
Conscripted in the army	9	4.29	N/A	N/A	9
Underage	29	13.81	40	11.94	69
Total	210	100.00	335	100.00	545

* The total is 188, as 1 of the students was working at the same time, so for the purpose of this table only, he was included among the employed in the sample.

Table 5.8: Occupations of members of households classified by sex

Occupation	Sex		Total
	Male	Female	
Student and working	1	0	1
Casual	20	2	22
Skilled or semi-skilled worker	53	8	61
Catering	20	11	31
Domestic cleaner	0	12	12
Private sector	24	18	42
White collar	1	1	2
Blue collar	23	17	40
Public sector/government	13	9	22
White collar	7	5	12
Blue collar	6	4	10
Driver	8	0	8
Petty trader	2	2	4
Construction worker	8	0	8
Total	149	62	211

Table 5.9: Means of income of employed members of households grouped by sex

Means of income	Sex		Total
	Male	Female	
Working for money	90	45	135
Working for the family	5	1	6
Owner of business/self-employed	54	16	70
Does not work and wants to work	21	16	37
Does not work and is not looking for work	118	272	390
Disabled	18	7	25
Conscripted in the army	9	0	9
On pension	15	0	15
Underage	29	40	69
Total	359	397	756

Income

The final section of the questionnaire dealt with household income. Households were asked about their average range and source of monthly income. The minimum range of monthly income per household chosen by the researcher was less than E£100 and the maximum was above E£1000. The researcher based these ranges upon interviews with leaders of religious organisations, who suggested that considering standards of living in this area E£100 per capita income could be regarded as an appropriate poverty line. Information obtained from this section revealed the extent of income poverty of the households in the sample, and the vulnerability of these households manifested in their dependence on sources of income other than employment or pension.

This section was placed at the end of the questionnaire so that respondents would feel comfortable enough to provide the required information, after a rapport had been established with the researcher. However, as this information is relevant to the background information on employment and means of income, we will present the results here.

The income groups of the households were as follows:

Table 5.10: Income groups of households

Income category	No. of households	Percent
< E£100	57	35.6
E£101-150	36	22.5
E£151-250	28	17.5
E£251-350	30	18.8
E£351-500	7	4.4
E£501-700	2	1.3
Total	160	100.00

Table 5.11: Income groups classified by religion of household

Income category	Religion		Total
	Muslim	Christian	
< E£100	36	21	57
E£101-150	19	17	36
E£151-250	11	17	28
E£251-350	14	16	30
E£351-500	4	3	7
E£501-700	1	1	2
Total	85	75	160

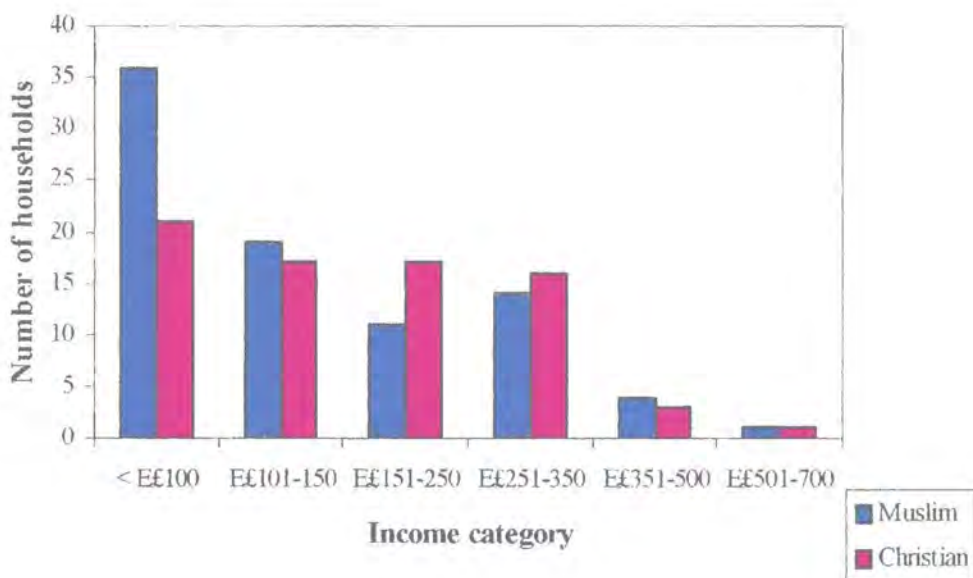


Figure 5.3: Income groups classified by religion of household

Table 5.12: Income groups classified by number of members in household

Income category	Members of households category						Total
	1	2-3	4-5	6-7	8-10	>10	
< E£100	15	19	14	7	2	0	57
E£101-150	1	9	15	6	5	0	36
E£151-250	0	4	10	11	2	1	28
E£251-350	0	0	14	9	7	0	30
E£351-500	0	0	0	4	2	1	7
E£501-700	0	0	0	1	0	1	2
Total	16	32	53	38	18	3	160

Households with one source of income were as follows:

Table 5.13: Households with one source of income

Source of income	No. of households	Percent
Work	72	79.12
COs	3	3.30
Pension	10	10.99
Individuals	5	5.49
Relatives	1	1.10
Total	91	100.00

Those with two sources of income were as follows:

Table 5.14: Households with two sources of income

Source of income	No. of households	Percent
Work & COs	7	12.28
Work & MOs	3	5.26
Work & relatives	1	1.75
Work & individuals	9	15.79
Work & pension	15	26.32
Pension & MOs	5	8.77
MOs & individuals	2	3.51
Pension & COs	7	12.28
Pension & relatives	1	1.75
Pension & individuals	6	10.53
Inheritance & relatives	1	1.75
Total	57	100.00

Those with three sources of income were as follows:

Table 5.15: Households with three sources of income

Source of income	No. of households	Percent
Work, pension & inheritance	1	9.09
Work, pension & MOs	1	9.09
Work, pension & individuals	4	36.36
Work, pension & COs	1	9.09
Work, individuals & relatives	1	9.09
Work, COs & individuals	2	18.18
Pension, MOs & relatives	1	9.09
Total	11	100.00

There was 1 case with four sources of income, work, pension, MOs, and assistance from individuals.

Thus, the total results were as follows:

Table 5.16: Sources of income for households (160 responses: 240 answers)

Source of income	No. of households	Percent
Work	117	48.75
Assistance from COs/MOs	31	12.92
Assistance from individuals	30	12.50
Assistance from relatives	7	2.92
Pension	53	22.08
Inheritance	2	0.83
Total	240	100.00

Breaking down those households that received assistance from religious organisations by Christian or Muslim organisations, the results were:

Table 5.17: Households that receive assistance from COs and/or MOs

Provider of assistance	Number of households receiving assistance	Percent
MOs	11	35.48
COs	20	64.52
Total	31	100.00

Table 5.18: Percentage of Muslim/Christian households that receive assistance from religious organisations

Religion of household	Assistance	No assistance	Total	Percent of those receiving assistance
Muslim	11	74	85	12.94
Christian	20	55	75	26.67
Total	31	129	160	19.38

After we have presented the background information of the households, we will now present the results of the questions pertaining to the evaluation of welfare provision in the areas of food subsidies, education, and health care.

Food Subsidy

The second section of the questionnaire focused on food subsidy. In this section, the researcher was measuring the accessibility and usage of ration cards by the households in order to assess the utility of the system for these households. It also revealed the sample's perceptions and attitudes about the different types of subsidies. Finally, respondents were asked about their consumption of certain food items. These items were chosen as a guide to indicate the average consumption patterns of the households in the sample.

In answer to whether the household possessed a ration card, 120 households (75%) had a ration card, and 40 (25%) did not have ration cards.

Table 5.19: Household has a ration card

Household has ration card	No. of households	Percent
Yes	120	75.00
No	40	25.00
Total	160	100.00

Table 5.20: Households that have/do not have a ration card grouped by income categories

Ration cards	Income						Total
	<100	101-150	151-250	251-350	351-500	501-700	
Ration card	42	28	18	23	7	2	120
No ration card	15	8	10	7	0	0	40
Total	57	36	28	30	7	2	160

When the 40 households were asked why they did not have a ration card the following reasons were cited:

Table 5.21: Reasons for not having a ration card

Reasons for not having a ration card	No. of households	Percent
Never applied for it	21	52.50
Hassle and paper work	3	7.50
Card with spouse after divorce	3	7.50
Cancelled after husband's death	3	7.50
No ID	2	5.00
Not entitled	2	5.00
Registered with parents	1	2.50
Lost	1	2.50
Cancelled (son works privately)	1	2.50
Entitled to a red card so did not bother	1	2.50
No response	2	5.00
Total	38	100.00

Out of the 120 households that had ration cards, 91 households (75.83%) had a green card (fully subsidised card), whereas 29 (24.17%) had a red one (partially subsidised card).

Table 5.22: Type of ration card

Type of ration card	No. of households	Percent
Green	91	75.83
Red	29	24.17
Total	120	100.00

Table 5.23: Households that have/do not have ration cards grouped by income categories

Ration cards	Income						Total
	<100	101-150	151-250	251-350	351-500	501-700	
Green	33	21	15	13	7	2	91
Percent	78.57	75.00	83.33	56.52	100.00	100.00	75.83
Red	9	7	3	10	0	0	29
Percent	21.43	25.00	16.67	43.48	0.00	0.00	24.17
Total	42	28	18	23	7	2	120

In the 120 households that had ration cards, the ration card covered all members of the household for 67 households (43.33%) whilst in 53 cases (56.67%) it did not cover all members.

Table 5.24: Members of household covered by the ration card

Members of households covered by ration card	No. of households	Percent
All members	67	55.83
Not all members	53	44.17
Total	120	100.00

In the 53 cases, where the ration card did not cover all members of the household, the percentage of members of households not covered by the ration card per household ranged between 11.11% and 83.33%. The mode for members not included in the ration card was 25%.

Those who had a ration card were asked whether they had used it in the last three months, and if they used it to obtain both subsidised items when they used it. These

questions were meant to reveal whether households that possessed ration cards used them regularly.

Table 5.25: Usage of ration card

Usage of ration card	No. of households	Percent
Not used in last 3 months	9	7.50
Used in last 3 months	110	91.67
Never	1	0.83
Total	120	100.00

When the case that never used ration cards was asked why the household had never used the ration card, the respondent said that the rationed items were of poor quality and she faced a lot of trouble purchasing them.

All households that used ration cards (119) bought both rationed items, oil and sugar, with the ration card. The majority of households that had ration cards, 114 households (95.8%) reported that they consume all the quantities of the two rationed items. Only 5 cases (4.2%) reported that they do not use all rationed items.

Of the 5 cases that did not consume all rationed items, 4 households (80%) noted that they sold the unconsumed items, and 1 case said that they gave them to relatives.

Upon asking the 120 households that had ration cards, which type of subsidy they preferred, 10 cases (8.4%) said they preferred money subsidy, whilst 82 households

(68.91%), preferred food subsidy. Twenty-four cases (20.17%) did not know, and 3 households (2.52%) were indifferent.

Table 5.26: Preferred type of subsidy

Preferred type of subsidy	No. of households	Percent
Money subsidy	10	8.40
Food subsidy	82	68.91
Do not know	24	20.17
Indifferent	3	2.52
Total	119	100.00

Out of 10 cases that would have preferred a money subsidy 3 said cards were not beneficial, 2 said with money they would have more choice to buy what they wanted, 2 said rationed quantities were not enough. As respondents were allowed to give more than one answer, 1 case noted that the quality of rationed items was so poor and there was no shortage of items. Two did not respond.

Table 5.27: Reasons for choosing money as a preferred type of subsidy (10 responses: 11 answers)

Why money is preferred	No. of households	Percent
Cards are not so beneficial	3	27.27
Quality of items is poor	1	9.09
There is no shortage	1	9.09
Rationed quantities are not enough	2	18.18
More choice to buy what they want	2	18.18
No response	2	18.18
Total	11	100.00

The majority of the 82 households that chose food subsidy (62 cases) reported that they preferred ration cards because items were cheaper with ration cards; 4 cases

observed that items were guaranteed with ration cards in case of a shortage; 4 cases remarked that the government would not pay money; and 3 thought that money could be wasted on other items. Among those who gave more than one answer, 2 cases reported that items were cheaper with ration cards, and the government would not pay money; 1 case noted that items were cheaper with ration cards, and they were guaranteed in case of shortage; and finally 2 cases noted that items were cheaper with ration cards, and that if they were given money it would be wasted on other items. Four did not respond.

Table 5.28: Reasons for choosing ration cards as a preferred type of subsidy (87 responses: 93 answers)

Why ration card is preferred	No. of households	Percent
Items are cheaper with the ration card	67	77.01
Government won't pay money	6	6.90
Items are guaranteed (in case of a shortage)	5	5.75
Money could be spent on other items	5	5.75
No response	4	4.60
Total	87	100.00

The 3 indifferent cases did not respond.

Consumption patterns of some essential food items:

Below we present the average food consumption of households grouped by income.

For oil and sugar, the quantities reported include rationed quantities

Table 5.29: Average food consumption of households grouped by income

Baladi bread

Income category of Household	No. of households	Average consumption of loaves of bread per person per day
< E£100	57	3.9767
E£101-150	36	3.9403
E£151-250	28	3.5963
E£251-350	30	3.7436
E£351-500	7	2.9813
E£501-700	2	2.0779
	160	
	(n=160)	

Oil

Income category of Household	No. of households	No response	Average consumption per person per month (in kg)
< E£100	56	1	0.9956
E£101-150	35	1	0.8484
E£151-250	28	0	0.6764
E£251-350	30	0	0.8674
E£351-500	7	0	0.6043
E£501-700	2	0	0.4773
	158	2	
	(n=160)		

Sugar

Income category of Household	No. of households	No response	Average consumption per person per month (in kg)
< E£100	56	1	2.2132
E£101-150	36	0	1.7373
E£151-250	28	0	1.6420
E£251-350	30	0	1.8109
E£351-500	7	0	1.5459
E£501-700	2	0	1.0844
	159	1	
	(n=160)		

Rice

Income category of Household	No. of households	No response	Average consumption per person per month (in kg)
< E£100	56	1	2.2125
E£101-150	35	1	1.7799
E£151-250	28	0	1.3544
E£251-350	30	0	1.7359
E£351-500	7	0	1.2126
E£501-700	2	0	2.2403
	158	2	
	(n=160)		

Ghee

Income category of Household	No. of households	No response	Average consumption per person per month (in kg)
< E£100	55	2	0.8087
E£101-150	36	0	0.5206
E£151-250	27	1	0.4368
E£251-350	30	0	0.4754
E£351-500	7	0	0.3718
E£501-700	2	0	0.5909
	157	3	
	(n=160)		

Fish

Income category of Household	No. of households	No response	Average consumption per person per month (in kg)
< E£100	55	2	0.9800
E£101-150	35	1	0.6646
E£151-250	26	2	0.8306
E£251-350	27	3	0.9321
E£351-500	5	2	0.4583
E£501-700	2	0	0.5130
	150	10	
	(n=160)		

Fruit

Income category of Household	No. of households	No response	Average consumption per person per month (in kg)
< E£100	56	1	1.9676
E£101-150	33	3	1.8121
E£151-250	26	2	1.4590
E£251-350	28	2	1.7361
E£351-500	5	2	2.3833
E£501-700	2	0	0.9481
	150	10	
	(n=160)		

Tea

Income category of Household	No. of households	No response	Average consumption per person per month (in gm)
< E£100	57	0	200.0766
E£101-150	36	0	171.8122
E£151-250	28	0	110.5230
E£251-350	30	0	115.8981
E£351-500	7	0	174.4898
E£501-700	2	0	176.9481
	150	0	
	(n=160)		

Beef

Income category of Household	No. of households	No response	Average consumption per person per month (in kg)
< E£100	54	3	0.7671
E£101-150	30	6	0.5365
E£151-250	25	3	0.6809
E£251-350	27	3	0.7331
E£351-500	6	1	0.5792
E£501-700	2	0	0.3701
	144	16	
	(n=160)		

Pasta

Income category of Household	No. of households	No response	Average consumption per person per month (in kg)
< E£100	57	0	1.4149
E£101-150	36	0	1.1999
E£151-250	28	0	1.0571
E£251-350	29	1	1.1278
E£351-500	7	0	0.8381
E£501-700	2	0	0.3247
	159	1	
	(n=160)		

Milk

Income category of Household	No. of households	No response	Average consumption per person per week (in kg)
< E£100	56	1	0.9735
E£101-150	36	0	0.7117
E£151-250	28	0	0.6704
E£251-350	26	4	0.6105
E£351-500	7	0	0.5202
E£501-700	2	0	0.6591
	155	5	
	(n=160)		

Chicken

Income category of Household	No. of households	No response	Average consumption per person per month (in kg)
< E£100	55	2	1.0827
E£101-150	32	4	0.7269
E£151-250	26	2	0.8272
E£251-350	29	1	0.7353
E£351-500	7	0	0.6179
E£501-700	2	0	0.7078
	151	9	
	(n=160)		

White cheese

Income category of Household	No. of households	No response	Average consumption per person per month (in kg)
< E£100	55	2	0.4138
E£101-150	36	0	0.2512
E£151-250	27	1	0.2592
E£251-350	29	1	0.3027
E£351-500	7	0	0.5996
E£501-700	2	0	0.1883
	156	4	
	(n=160)		

Qarish cheese

Income category of Household	No. of households	No response	Average consumption per person per month (in kg)
< E£100	55	2	0.5406
E£101-150	36	0	0.3829
E£151-250	27	1	0.3955
E£251-350	29	1	0.3709
E£351-500	7	0	0.5567
E£501-700	2	0	0.1883
	156	4	
	(n=160)		

Eggs

Income category of Household	No. of households	No response	Average consumption of eggs per person per month
< E£100	54	3	9.8858
E£101-150	36	0	5.7366
E£151-250	27	1	7.6512
E£251-350	28	2	7.3312
E£351-500	7	0	3.3112
E£501-700	2	0	3.7662
	154	6	
	(n=160)		

After we have discussed the results of the food subsidy section in the survey, we will now present the results of the education section.

Education

The third section of the questionnaire focused on education. As parents make the decision whether to send their children to school and they pay for their children's education, the researcher directed the questions pertaining to education at them. Parents with children in education were asked if they sent their children to private schools or institutes. They were also asked if their children required help with their studies, in which case what kind of help they received, and how much it cost them on average per month. The question of lessons gave an indicator of how much lower income households spent on education (which reflected their valuation of education). Respondents were asked what stage of education they expected their children to complete. This question was meant to reveal the aspiration parents had for their children and the value of education for parents. Responses were classified by sex to see whether parents had different expectations for their children based on sex. Respondents with children in technical education were asked why their children joined this type of education in order to explore whether technical education was highly valued by these income groups. Finally, respondents were asked what they thought was better for their children, schooling education or learning a craft. This question was intended to examine the subjects' attitudes and perceptions of schooling and craftsmanship.

Households with children in formal education amounted to 93 households, with 189 children. Questions pertaining to education (9-17) were, therefore, addressed to these 93 cases only.

Out of the 93 cases with children in education 14 households (15.05%) reported that they had at least one child who went to a private school/institute. The remainder, 79 cases (84.95%), sent their children to state schools.

Table 5.30: Anyone in private education

Household has children in private education	No. of households	Percent
Yes	14	15.05
No	79	84.95
Total	93	100.00

When those who sent their children to a private school/institute were asked why they did so, 9 cases (64.29%) replied that their children obtained a low score in the previous stage of education, and could not join state schools.

Table 5.31: Reasons for joining private education (14 cases - 13 responses: 14 answers)

Why private education	No. of households	Percent
Low score in previous stage	9	64.29
To learn languages	1	7.14
Not crowded classes	1	7.14
Special needs	1	7.14
To improve standard of family	1	7.14
Not to enter 3 year conscription	1	7.14
Total	14	100.00

In the question of tuition fees, 13 cases (who attended state schools) reported that they were exempted from paying fees because of the death of the father. Out of the

80 cases that paid fees, the majority of respondents, 68 cases (85%), considered the fees to be too much, 11 cases (13.75%) regarded them as reasonable, and 1 case thought that it was little.

Table 5.32: Tuition fees (13 cases exempted)

Tuition fees	No. of households	Percent
Too much	68	85.00
Reasonable	11	13.75
Little	1	1.25
Total	80	100.00

Out of the 93 households with children in education, most of the respondents, 85 cases (91.4%), noted that their children required help with their studies, while 8 cases (8.6%) said their children required no help.

Table 5.33: Students require help with their studies

Require help with their studies	No. of households	Percent
Yes	85	91.40
No	8	8.60
Total	93	100.00

The 85 cases that had children who required help with their studies were asked what they did about it. Respondents were allowed to choose more than one answer. Those who chose one answer were divided as follows: 29 cases (34.12%) reported that their children took study groups at school, 1 case (1.18%) reported that some friends helped their children with their studies, 17 cases (20%) reported that their children took private lessons, and 5 cases (5.88%) said they did nothing because they could not afford it.

Those who chose two answers included: 2 cases (2.35%) noted that their children took study groups at school and received help from friends/neighbours; 3 cases (3.53%) reported that their children took study groups at school and took lessons at COs/MOs; and 21 cases (24.71%) said that their children took study groups at school in addition to private lessons; 1 (1.18%) case said their children relied on private lessons in addition to help from friends/neighbours, and finally 3 cases (3.53%) reported that their children took private lessons as well as lessons at COs/MOs.

Those who chose three answers comprised: 1 case (1.18%) where children took study groups at school and private lessons, and received help from friends/neighbours; and 2 cases (2.35%) where children took study groups at school, lessons at COs/MOs and private lessons.

Therefore, the total answers were as follows:

Table 5.34: Type of help children receive with their studies (85 cases: 121 answers)

Type of help with studies	No. of households	Percent
Study groups at school	58	47.93
Help from relatives/friends	5	4.13
Lessons at MOs/COs	8	6.61
Private lessons	45	37.19
Nothing	5	4.13
Total	121	100.00

For the 79 cases where children received help for money (85 required help, 5 of whom did nothing, and 1 relied on friends), the results were as follows.

Out of the 29 cases whose children took study groups at school, the following cases were exempted from paying any fees:

- (i) 3 cases were exempted by the schoolteacher, who was sympathetic on account of their dire financial situation;
- (ii) 1 case, where children took study groups at school and lessons at MOs/COs, and 1 case, where children took study groups at school in addition to private lessons were exempted because of the death of the father.

There were 71 households that reported spending money on some kind of help for their children with their studies. The minimum average amount of money a household spent on help with study for all their children was E£5 (E£1.67 per child), and the maximum amount was E£250 (E£100 per child) per month. The average per household for those who paid for their children to receive some help was E£68.11 (E£35.56) per household per month. It should be noted that the prices of lessons (whether private or study groups at school) is higher at higher stages of education. For example, a private lesson in primary stage costs on average E£5 per child per month, whereas that in preparatory stage costs E£7, and that in secondary stage costs E£10.

Two cases of those taking study groups at school only, and 1 case taking private lessons only did not report the money they paid for these lessons.

Table 5.35: Average cost of lessons category

Average cost of lessons per month	No. of households	Percent
E£1-10	3	4.2
E£11-20	5	7.0
E£21-30	7	9.9
E£31-40	8	11.3
E£41-50	8	11.3
E£51-60	9	12.7
E£61-70	4	5.6
E£71-80	7	9.9
E£91-100	8	11.3
E£100-110	9	12.7
No response	3	4.2
Total	71	100.0

When asked what is the maximum stage that they wanted their sons/daughters to reach, respondents gave the following answers:

Table 5.36: Desired stage of education for boys/girls

Stage of education	Boys		Girls	
	Number	Percent	Number	Percent
Primary	2	3.13	0	0.00
Preparatory	2	3.13	0	0.00
Secondary	7	10.94	6	10.00
Higher education	53	82.81	54	90.00
Total	64	100.00	60	100.00

Out of the 93 cases with children in education, only 15 households had children in technical education. These households had 1 child each in technical education, thus the total was 15 children (13 boys and 2 girls).

Table 5.37: Children in technical education

Children in technical education	Number	Percent
Boys	13	86.67
Girls	2	13.33
Total	15	100.00

These 15 cases were asked why their children had chosen technical education. As respondents were allowed to choose more than one answer, 1 case chose two answers, low score in the previous stage of education, and private lessons for general education were too expensive; the rest of the answers were as follows:

Table 5.38: Reasons for choosing technical education (15 responses: 16 answers)

Reasons for choosing technical education	No. of households	Percent
Easier than general education	1	6.25
More useful than general education	1	6.25
Low score in previous stage	7	43.75
General education too expensive	4	25.00
Illness	1	6.25
To be with friends	1	6.25
To improve the standard of living of household	1	6.25
Total	16	100.00

Of the 15 respondents who had children in technical education, 11 (73.33%) reported that their children benefited from this type of education, 2 (13.33%) said they did not, and 2 (13.33%) did not respond.

Table 5.39: Have those who are in technical education benefited from it?

Children benefited from technical education	No. of households	Percent
Yes	11	73.33
No	2	13.33
No response	2	13.33
Total	15	100.00

When those who had children in technical education and not benefited from their study were asked why they did not, 1 said the study was too theoretical, and the other said the study was too theoretical, the classes were crowded, and although equipment was available, students were not allowed to use them.

Therefore, the total answers were as follows:

Table 5.40: Why have they not benefited from technical education? (2 responses: 4 answers)

Reasons for not benefiting from technical education	No. of households	Percent
Study is too theoretical	2	50.00
Overcrowded classes	1	25.00
Students do not use equipment	1	25.00
Total	4	100.00

When asked which was better for the child, learning a craft, schooling, or both, 2 cases (2.15%) said learning a craft only, 39 cases (41.94%) said both learning a craft and schooling, and 50 cases (53.76%) said schooling only. Two did not respond.

Table 5.41: Which type of education is better?

Response	No. of households	Percent
Craft only	2	2.15
Craft and schooling	39	41.94
Schooling only	50	53.76
No response	2	2.15
Total	93	100.00

The reasons cited for why learning a craft only was better for the child were as follows:

Table 5.42: Why craft learning a craft is better? (41 responses: 52 answers)

Why learning a craft is better	No. of households	Percent
Craft provides child with an opportunity to get a job	21	40.38
Craft provides child with a higher income	25	48.08
If child is not successful in one then he is in the other	3	5.77
Craft is useful for everyday life	1	1.92
Learning both provides a better understanding of life	1	1.92
No response	1	1.92
Total	52	100.00

It should be noted that the two cases that said that craft only is better for the child still sent their children to school. When asked why, one of them said because it that it gave the child a better understanding of life, whilst the other one said it provided more opportunity for the child to get job and gave him/her a better understanding of life.

When those who sent their children to school were asked why they sent their children to school, respondents cited the following reasons:

Table 5.43: Reasons for sending children to school (93 responses: 160 answers)

Why parents send their children to school?	No. of households	Percent
Provide an opportunity to find employment	38	23.75
Provide an opportunity to earn higher income	7	4.38
Provide a better understanding of life	81	50.62
Provide a social status for the future	23	14.38
Parents lacked education	10	6.25
Assist their children with their studies	1	0.63
Enable the child to benefit society	1	0.63
Total	160	100.00

Now we will present the results of the last component of welfare assessment in this study, namely, health care.

Health Care

The fourth section of the questionnaire covered health care. Households were asked if any of their members had been ill during the last month, and if they had sought medical treatment, and from where. Those who did not seek medical treatment were asked why they had not done so. These questions were designed to reveal attitudes about seeking medical advice and the health facilities used recently by the sample. Respondents with children aged 0-16 years old were asked with which type of their child's illness they sought medical treatment for their children and from where. Respondents were asked the same question for adults. The researcher's hypothesis was that parents tend to seek treatment for young children more than for themselves or other adults in the household. Then respondents were asked about their perception of the quality of the service provided at the public and private, and religiously affiliated health facilities they visited. This was done by assessing the quality of health facilities based upon the perceptions of the respondents in terms of four variables:

- competence of doctors and nurses;
- care of doctors and nurses;
- availability of equipment;
- and affordability of the facility in question.

Finally, respondents were asked whether they faced any problems in obtaining medicine, and if they did what sort of problems they faced. The rationale behind these questions was that the researcher learnt from interviews with leaders of religious organisations that not all those who sought medical advice were able to

buy the medicine due to prohibitive prices of medicine. This constituted a problem particularly for those who suffered from chronic illnesses.

When respondents were asked whether any member of the household had suffered from any illness during the last month, 50 cases (31.25%) said yes, 88 (55%) said that at least one member of the household suffered from a chronic illness, 21 (13.13%) said no one had been ill during the last month, and 1 case (0.63%) could not remember.

Table 5.44: Anyone ill last month

Illness in last month	No. of households	Percent
Yes	50	31.25
Chronic illness	88	55.00
No	21	13.13
Cannot remember	1	0.63
Total	160	100.00

When those who reported that at least one member of the household had been ill during the last month were asked whether all those who were ill sought medical treatment, 12 cases (8.7%) reported that none of the household sought treatment, 15 (10.87%) said some sought treatment, and 111 (80.43%) said that all those who were ill sought treatment.

Table 5.45: Did all those who were ill seek medical treatment?

Members of households who sought treatment	No. of households	Percent
None	12	8.70
Some	15	10.87
All	111	80.43
Total	138	100.00

In cases where none or some members of the household sought treatment when they had been ill, the respondents were asked about the reasons why they did not seek treatment. Twenty-four cases (88.89%) said for financial reasons; 1 (3.7%) said for fear of doctors; 1 (3.7%) said cannot go down because of ill health; and 1 case (3.7%) – a woman, said that customs and traditions prohibited her from consulting male doctors.

Table 5.46: Why did those who were ill not seek medical treatment?

Reasons for not seeking treatment	No. of households	Percent
Financial reasons	24	88.89
Fear of doctors	1	3.70
Cannot go down	1	3.70
Customs and traditions	1	3.70
Total	27	100.00

In the 126 cases, where some or all members of the household sought medical treatment, respondents were asked where they sought it.

Table 5.47: Health facilities visited by those who sought treatment (126 responses: 177 answers)

Health facility	No. of households	Percent
Public hospital	51	28.81
Private clinic	23	12.99
CO clinic	13	7.34
MO clinic	12	6.78
Pharmacy	5	2.82
Repeated medication	51	28.81
Social affairs polyclinic	8	4.52
Private polyclinic/hospital	2	1.13
Family planning polyclinic	1	0.56
Health insurance	3	1.69
School insurance	7	3.95
Treatment at state's expense	1	0.56
Total	177	100.00

When respondents with children under the age of 16 (105 households) were asked with which type of illness they sought medical treatment for their children, 68 cases (64.76%) said they sought treatment for everything, and 37 cases (35.24%) said only in case of serious illness. Serious illness was identified by respondents as any illness other than cold or minor stomach ache.

Table 5.48: In which type of illness does household seek medical treatment for its children?

Type of illness	No. of households	Percent
Everything	68	64.76
Serious illness	37	35.24
Total	105	100.00

Table 5.49: Where does household seek medical treatment for its children?
(105 responses: 224 answers)

Health facility	No. of households	Percent
School insurance	63	28.13
Public hospital	51	22.77
Private clinic	20	8.93
CO clinic	20	8.93
MO clinic	35	15.63
Family planning polyclinic	5	2.23
Social affairs polyclinic	9	4.02
Pharmacy	12	5.36
Private polyclinic/hospital	7	3.13
Care centre for children	1	0.45
Health insurance for newborn	1	0.45
Total	224	100.00

When asked with which type of illness an adult sought medical treatment, 35 cases (21.88%) said everything, and 125 (78.13%) said only in case of serious illness.

Table 5.50: In which type of illness does an adult seek medical treatment?

Type of illness	No. of households	Percent
Everything	35	21.88
Serious illness	125	78.13
Total	160	100.00

Of those who said that an adult sought medical treatment only in serious illness, 106 cases (84.8%) said medical treatment was too expensive; 1 case (0.8%) said they did not trust doctors; 8 cases (6.4%) said they feared doctors and medicine; 2 (1.6%) noted that they were immobile. Those who chose two answers included: 4 cases (3.2%) said medical treatment was too expensive and they feared doctors and

medicine; 1 case (0.8%) said medical treatment was too expensive and not to make the husband worry; and 1 case (0.8%) said medical treatment was too expensive and it was troublesome to travel to the facility. Two cases (1.6%) did not respond.

So the answers were as follows:

Table 5.51: Why will an adult not seek medical treatment? (124 response: 130 answers)

Reasons for not seeking treatment	No. of households	Percent
Treatment is expensive	112	85.50
Do not trust doctors	1	0.76
Fear of medicine and doctors	12	9.16
Immobile	2	1.53
Not to worry husband	1	0.76
Travel	1	0.76
No response	2	1.53
Total	131	100.00

Table 5.52: Where does an adult seek medical treatment? (159 responses: 339 answers)

Health facility	No. of households	Percent
Health insurance	20	5.90
Public hospital	106	31.27
Private clinic	42	12.39
CO clinic	33	9.73
MO clinic	62	18.29
Social affairs polyclinic	14	4.13
Pharmacy	35	10.32
Private polyclinic/hospital	9	2.65
Family planning polyclinic	3	0.88
School insurance	15	4.42
Total	339	100.00

The results from the assessment of health facilities used by the households in the sample were as follows:

Table 5.53: Assessment of health facilities used by households in the sample**Public Hospital**

Criterion	Agree	Neutral	Disagree	Does not apply	Total
Doctors/nurses are qualified	69	32	9	49	159
Doctors/nurses are caring	64	19	27	49	159
Equipment is available	101	3	3	52	159
Service is affordable	108	1	1	49	159

CO clinic

Criterion	Agree	Neutral	Disagree	Does not apply	Total
Doctors/nurses are qualified	36	0	0	124	160
Doctors/nurses are caring	36	0	0	124	160
Equipment is available	28	1	2	129	160
Service is affordable	34	2	0	124	160

Private clinic

Criterion	Agree	Neutral	Disagree	Does not apply	Total
Doctors/nurses are qualified	48	1	0	110	159
Doctors/nurses are caring	47	2	0	110	159
Equipment is available	7	0	0	152	159
Service is affordable	5	5	39	110	159

Private polyclinic

Criterion	Agree	Neutral	Disagree	Does not apply	Total
Doctors/nurses are qualified	10	0	0	150	160
Doctors/nurses are caring	10	0	0	150	160
Equipment is available	8	0	1	151	160
Service is affordable	6	3	1	150	160

Health insurance

Criterion	Agree	Neutral	Disagree	Does not apply	Total
Doctors/nurses are qualified	14	2	5	139	160
Doctors/nurses are caring	13	1	7	139	160
Equipment is available	17	0	3	140	160
Service is affordable	20	0	1	139	160

School insurance

Criterion	Agree	Neutral	Disagree	Does not apply	Total
Doctors/nurses are qualified	38	15	9	95	157
Doctors/nurses are caring	37	11	14	95	157
Equipment is available	55	0	5	97	157
Service is affordable	61	1	0	95	157

MO clinic

Criterion	Agree	Neutral	Disagree	Does not apply	Total
Doctors/nurses are qualified	61	7	1	91	160
Doctors/nurses are caring	60	4	5	91	160
Equipment is available	64	2	1	93	160
Service is affordable	60	2	6	92	160

Family planning polyclinic

Criterion	Agree	Neutral	Disagree	Does not apply	Total
Doctors/nurses are qualified	5	0	0	155	160
Doctors/nurses are caring	5	0	0	155	160
Equipment is available	5	0	0	155	160
Service is affordable	5	0	0	155	160

Social affairs polyclinic

Criterion	Agree	Neutral	Disagree	Does not apply	Total
Doctors/nurses are qualified	13	4	0	143	160
Doctors/nurses are caring	13	1	3	143	160
Equipment is available	16	1	0	143	160
Service is affordable	13	0	3	144	160

Children care centre

Criterion	Agree	Neutral	Disagree	Does not apply	Total
Doctors/nurses are qualified	0	1	0	159	160
Doctors/nurses are caring	0	1	0	159	160
Equipment is available	1	0	0	159	160
Service is affordable	1	0	0	159	160

Health insurance for newborns

Criterion	Agree	Neutral	Disagree	Does not apply	Total
Doctors/nurses are qualified	0	1	0	159	160
Doctors/nurses are caring	0	1	0	159	160
Equipment is available	0	0	1	159	160
Service is affordable	1	0	0	159	160

When asked whether they faced any problems in acquiring medicine, 138 respondents (86.25%) said they had problems; 19 cases (11.88%) said they had no problems; 1 case (0.63%) did not buy medicine as the respondent got the medicine from the national health insurance; and 2 cases (1.25%) did not respond.

Table 5.54: Any problems with medicine

Any problems in obtaining medicine	No. of households	Percent
Yes	138	86.25
No	19	11.88
Does not apply	1	0.63
No response	2	1.25
Total	160	100.00

Those who said they faced problems in purchasing medicine were asked what kind of problems they had. Of those 138 cases, 135 respondents (97.83%) said medicine was expensive, 1 (0.72%) said it was unavailable, and 2 (1.45%) said it was both expensive and unavailable.

Table 5.55: Problems with medicine (138 responses: 140 answers)

Problems in obtaining medicine	No. of households	Percent
Expensive	137	97.86
Non-available	3	2.14
Total	140	100.00

After we have presented the results of the survey, we will discuss these results in the following section.

Discussion

After we have presented the results of the fieldwork, we will now analyse the answers of respondents with the aid of supplementary information from focus group discussions. This will enable us understand the perceptions of a sample of lower income groups of welfare products provided by the state, and will illustrate the success/failure of the state in carrying out its obligation according to these people's perceptions and expectations. The author argues that the state has failed to carry out its part of the social contract towards lower income groups; accordingly, they have no allegiance towards the state or the regime as their welfare has diminished during Mubarak's rule.

Household Background

Out of the 567 members of households not in education, if those underage (86) are excluded, then the number of those not in education is reduced to 481, of whom 286 (59.45%) were illiterate. Although illiteracy rate was higher among females (176 out of 261; 67.43%) than males (110 out of 220; 50%), the percentage of female leaving education was only 41.5% compared with 58.5% for men. This means that a major part of the high female illiteracy rate can be explained by the fact that those females did not join education in the first place.

Males exhibited a higher tendency to leave school because they had no desire to learn. This is reflected in the higher percentage of those leaving for this particular reason, 47.67% (41 out of 86) in comparison to 36.01% (22 out of 61) of females. If

we combine financial reasons together (viz. providing income source for the family and education is expensive), we can conclude that 44.19% of males left education for financial reasons. By leaving schools to serve as a source of income for the household, those males allowed some of their siblings to receive education. Due to cultural reasons that do not favour female employment,⁵ males experience more pressure than females to leave education, as they serve as an income source for the family. However, if the response 'education is expensive' is examined alone, the frequency of leaving education for this particular reason becomes higher for females 36.01% vis-à-vis 20.93% for males, which implies that households are less willing to make financial sacrifices for the education of females versus males.

The high tendency for 'no desire to learn' can be explained by a combination of unfavourable conditions that children face in lower income households. These conditions, as revealed by Tabālah in his study on repetition, which often leads to dropout from school, include lack of school activities, lack of teachers' interest in students, failure of students to perceive the usefulness of their education, and illiteracy of parents. All these factors act as disincentives to students and make them leave schools.⁶

⁵ This explanation is validated by the findings of the research, which shows that excluding the under-aged females (40) and disabled (7), 77.71% (272 out of 350) were not in employment and do not want to work, compared with 40.97% (118 out of 288) for males, excluding the under-aged (29), disabled (18), conscripted in the army (9), and those on pension (15).

⁶ See Tabālah, Z., *Wāqi' al-ta'lim al-i'dādī wa kaifīyat tatwīruh* [The Reality of the Preparatory Education and the Mechanism of its Development], (Cairo: Centre of National Planning, 1994); and Mughīth, K., and F. 'Adlī, "al-Silm al-ta'limī" [The Educational Ladder], *Itigāhāt al-sīyāsah al-ta'limīyah fī al-thamānīnāt: dirāsah tahīlīyah 'an al-ta'lim al-'ām fī Misr* [The Orientations of Educational Policy in the Eighties: An Analytical Study on Education in Egypt], (Cairo: The National Centre for Educational Research and Development, 1992), pp. 86-88; and Tabālah, Z., *Wāqi' al-ta'lim al-i'dādī wa kaifīyat tatwīruh* [The Reality of the Preparatory Education and the Mechanism of its Development], (Cairo: Centre of National Planning, 1994).

Only 211 out of 756 members of households were working at the time of conducting the survey, which means that all the members of the households were supported by 27.91% of the participants in the sample, the rest of the income came mainly from pension and assistance from religious organisations and individuals. If one looks at the means of income of those working, it appears that more than a third of the working sample (70 out of 211 or 33.18%) was self-employed (in other words, they did not work for anyone, and did not own a private business), the percentage being 36.25% for male and 25.81% for female. Another 10.43% (22 out of 211) were employed in casual jobs, and were, therefore, vulnerable as their jobs were irregular and tended to be low-paid.

Discussions showed the frustration of respondents due to the lack of employment opportunities that would provide them with a regular source of income. Three widows, who were providing for their households by selling food on the street, complained that their efforts were hindered by state officials, as they did not have a licence to sell their products and obtaining the licence was troublesome. They observed that not only the state had failed to provide for them, but also it placed obstacles in their way to make a living.

Income

Most of the households, 151 (94.38%), were concentrated in the first four income categories. Forty-five cases out of 160 (28.13%) had another source of income besides work.

Classifying households by religion showed that 42.35% of Muslim households lay in the lowest income category (less than < E£100), compared with 28% of Christian households. Assuming that all respondents were honest in reporting the income of their households, this finding has to be interpreted with caution as the difference could have resulted from two factors. It might mean that Muslim households, in general, tend to be poorer than their Christian counterparts. This could be due to the difference in the type of support they receive from religious organisations.

This is affirmed by the fact that whereas only 3 cases relied solely on income from COs none relied on assistance from the MOs alone, though two cases relied on assistance from individuals in addition to that from MOs. Alternatively, this difference could have resulted from a bias in the sample, as households were not selected randomly.

It should be noted that only 2 households in the sample received any form of supplementary income from the state, Sadat pension (E£67 per month). Both cases thought it was not enough. Although other cases were entitled to this pension, they were not aware of their right, and when the researcher informed them, they thought it would be troublesome to apply for it.

Furthermore, individuals who were not employed had to seek assistance from relatives, individuals, or religious organisations. In other words, they had to rely on the family or the voluntary sector, in case of the failure of market solution. This is an area of failure for the state in welfare provision probably dictated by its limited resources. The state has failed to support citizens who did not have a means of

earning a living, not even through a level of income that would guarantee them a minimum standard of living.

Food Subsidy

There was nearly no correlation between having ration cards and income, Pearson's coefficient was -0.066 . One would have expected more households in lower income groups to have ration cards, but results did not show such a correlation. Most of the respondents of the households not in possession of ration cards (52.5%) said they had never applied for it. Although the percentage of red ration cards should normally rise with income, the sample did not show a consistent trend in the distribution of green and red cards in relation to income, as in the lowest income bracket of the sample, 21.43% of those with ration cards had red ration cards. The percentage rose to 25% in the next bracket, but then dropped to 16.67% in the following one and rose again to 43.48%, and then in the highest two income groups, households had green cards. This shows how inefficient the targeting system of subsidies is, as it ought to be aimed at lower income groups.

Additionally, the high percentage of households where not all members of the household (44.17%) are covered by ration cards means that these households are more vulnerable to fluctuations in market prices, as they have to buy larger quantities of rationed items at higher market prices. This problem is intense because the two rationed items are indispensable for all households. This is reflected in the fact that all respondents who used ration cards bought the two items offered on ration, oil and sugar, and they consumed more than the rationed quantities.

Those who did not use all the subsidised items were asked what they did with unconsumed items. If people sold these items that meant that cash subsidies might be better for them. For those who gave them away, on the other hand, the subsidy was wasted. Of the 5 cases that did not consume all quantities rationed, 4 cases sold them. Two of these cases belonged to the lowest income group (one household was composed of 2 members and the other 7 members), and the other two belonged to the second income group (both with 8 members per household). Thus, the living conditions of these households were poor and this is why they opted to sell the items sometimes to have cash.

One cannot consider this case to be a waste of the ration system, as these households are poor, and they chose to have their subsidy in a different form that would allow them to buy the commodities they wanted or needed. It also shows that these households preferred to receive what they perceived as their entitlement from the state, rather than leave it altogether because they did not need that form of subsidy at the time.

At all levels of income, most respondents (68.91%) preferred food subsidy, as they thought that items were cheaper in the ration cards, and they did not trust the government to give out money. Also, discussions in the focus groups showed that respondents did not think that the government would adjust cash transfers to inflation, as with rationed items whose prices rise in the ration card but they are still cheaper than in the market. So they reasoned that with a cash subsidy, they would end up with small fixed amounts; and, hence, they would lose out in the long run. Only 8.40% preferred a money subsidy that they could use as they wished. Even at

the lowest income levels, most respondents still preferred ration cards to money (29 versus 2).

It was clear from the discussions that the subjects did not trust that the state would act in their benefit. They realised that what they had was already little but it was better than nothing. They wanted to take out of the system as much as they could, as they perceived their interests not in congruence with those of the state, which is trying to take from them the little they had, as after the removal of many items from the subsidy, only two items were rationed. In most cases respondents remarked that the rationed quantities were not enough.

Many respondents pointed out that they had to buy their items, most of the time, from shops that sold items in small quantities, as they could not afford to buy them in larger quantities. This is also why they would not buy their rationed quantities regularly; they would usually purchase them every other month, or whenever they had money. So in spite of having the ration system, low-income groups could not always enjoy its benefits due to shortage of cash.

It should be noted that the questions on food consumption were designed to enquire about food expenditure rather than nutritional consumption. The researcher chose to ask about food consumption to give an idea of expenditure on food.

The researcher expected a strong negative relationship between size of household and average consumption. In general, for all items listed in food consumption, a negative correlation, though weak in most cases, was detected between the size of

the household and average consumption of the item per person. When a Pearson's coefficient test was run, it was significant at the 0.01 level.

When running a Pearson's coefficient correlation test between the income of household, and the average consumption of household, the relationship was even weaker. The researcher expected a strong negative relationship between each household's income and the average consumption of some items, such as pasta and tea. This is because it was pointed out in discussions that these items were heavily consumed by low-income households, as they were relatively cheap. Also pasta is an ingredient in one of the main cheap Egyptian dishes, *kusharī*. For tea, it seemed that, other than being a matter of taste and preference, tea was more consumed by low-income households to compensate for less quantities of food.

Quantities of rationed oil and sugar were not sufficient, as respondents noted that they always had to buy more of them at market prices. The problem was intense at lower income levels. This is because, as already noted tea was consumed more at the lowest income bracket (<£100) as a substitute for food or other beverages, and sugar is a complementary good to tea. The same applied for oil, which is consumed more by the lowest income group as they relied more on deep fried food, such as aubergine and potatoes. In some cases, however, respondents reported that they relied only on the rationed quantities to avoid purchasing these items at expensive market prices.

Although the difference in consumption of fruit among different income groups was not significant, the types of fruit consumed were different. Respondents clarified in

discussions that if they had little money, they would buy the cheapest fruit available in that season (oranges in winter, and local apples in summer).

Some households pointed out that they did not buy a whole chicken, rather drumsticks, wings, or necks, because they were cheaper.

The irregularity of income was reflected in food consumption patterns. In some cases, the informant was unable to report the average consumption of items per month. Many respondents noted that they would buy food items if they had money, and if they had no money they would not buy. In general, one has to be careful when interpreting these results, as quantities are likely to be underestimated. This is because respondents could not state the quantities they bought precisely because food expenditure depended on their access to money, which is in most cases irregular.

Education

Most of the households in the sample who had children in formal education, 79 out of 93 cases (84.95%), sent their children to state schools. The majority of those who sent their children to a private school/institute, 9 cases (64.29%), did so because their children got a low score in the previous stage of education, and could not join other types of education in state schools. This finding shows the value of education for these households, as they preferred to bear the financial burden of sending their child to a private educational institution to ending their child's educational life at an early stage.

The question on school fees showed that in spite of the relatively small tuition fees of state schools, compared to fees at private schools, they still constituted a burden for these households. Out of the 80 cases that paid fees, the majority of respondents, 68 cases (85%), considered the fees to be too much, 11 cases (13.75%) regarded them as reasonable, and 1 case thought that it was little. In the discussions, when the researcher referred to education in state schools as free, the subjects remarked that it was not free. It did not matter for them that the fees they paid fell under different categories other than tuition fees, as has already been pointed in the previous chapter. Respondents perceived education of their children at state schools as an entitlement, which the state is again encroaching upon by raising the fees gradually but steadily.

Most respondents, 85 cases (91.4%), noted that their children required help with their studies. This is probably a reflection of the difficulty of the syllabi and the lack of interest of teachers in students. Parents resorted to different means, namely, private lessons, study groups at school, lessons at MOs/COs, and asking friends or neighbours for assistance, to secure the required help. Some cases, 5 (5.88%), did not have the financial means so they did nothing. All this added to the financial burden that education placed on these low-income households.

In focus group discussions, respondents observed that they preferred private lessons if they could afford them. They thought that the quality of tuition offered in private lessons is better. Some noted that they send their children to study groups at school just to pass the exam, as the schoolteacher would fail the student if he/she did not

attend study groups at school. This phenomenon is a reflection of the poor salaries of the teachers.

The fact that 82.81% and 90% of households reported that they would like their sons and daughters respectively to complete their higher education reflects the expectations and the aspirations of the parents for their children. It further highlights the parents' value for education, and their belief that it could enhance the chances of their children in life.⁷ Parents are still willing to make financial sacrifices to secure academic education, which was thought to be superior to technical education, for their children.

Parents explained that none of their children who were attending a technical education did so because they wanted it. Most of them, 43.75%, chose it because they obtained a low score in the previous stage of education. Another significant group was the one that chose it due to financial constraints, as private lessons, which are seen as a must for completing the general secondary stage successfully, are prohibitively expensive.

Upon close examination of the reasons why parents sent their children to schools, one notes that the most frequent answer, 50.62%, was so that they could have a better understanding of life. This stems from their belief that individuals could make more informed decisions in life if they were educated. The other two important reasons were to provide the child with an opportunity for employment

⁷ Williamson, B., *Education and Social Change in Egypt and Turkey: A Study in Historical Sociology*, (Basingstoke: Macmillan, 1987), pp. 133.

(23.75%), and a social status in life (13.75%). Very few noted that schooling would provide the child with an opportunity to earn a higher income (4.38%). Some parents valued education because they were not educated (6.25%). The rest gave other reasons.

One can conclude that in spite of their poverty, many respondents did not send their children to school because they believed they were going to earn a higher income through education, rather they did so because they were after a secure employment and a social status. This is understandable if we consider the fact that most of the members in the sample were engaged in casual jobs, which made their income irregular. Additionally, as these jobs tended to be low-end jobs, they did not enjoy a high prestige in society, where white-collar jobs are more valued. Moreover, Egyptians attach value to educational certificates even if they do not work with their qualifications, or if they do not earn a high income compared to a skilled or semi-skilled labourer.

From the discussions as well as the responses of parents, it follows that most respondents valued education very highly. Education was considered as an instrument for upward mobility whether financially or socially through a higher status. Therefore, counting on these future benefits, they dedicated many financial resources to education, even when children did not show a high propensity for education. In most cases, respondents noted that it was only after several years of repetition and when the child decided that he/she did not want to go to school anymore that the parents gave up on the child's education.

In general, parents wanted their children to have as good chances in life as possible, this was confirmed by their answers why they sent their children to schools as they thought schooling would increase the children's chance to get a job, secure them financially, broaden their awareness, and provide them with a higher social status. Some parents pointed out that they sent their children to schools because they themselves had not been educated. This, in particular, shows that parents want their children's opportunities to be better than theirs.

Moreover, it seemed that respondents believed in the significance of education for securing employment for their children. One can argue that the link between education and secure employment has been entrenched in society due to the policies of guaranteed employment adopted since 1964, and which have been abrogated by the regime in 1984/85. For these income groups, the link has not been broken yet, and it will probably take time for this to happen. The state has, therefore, raised the expectations of these lower income groups but has failed to satisfy their wants by abandoning genuine free education and guaranteed employment.

Health Care

Although 55% of those who reported that they were ill during the previous month suffered from a chronic illness, one could not ascertain whether this was related to their poor living conditions. However, one can conclude from the data that reported chronic illness falls as income rises.

Evidently, financial resources act as a constraint on seeking medical treatment, as a high proportion of those who did not seek medical treatment (88.89%) indicated that this was due to financial limitations. Respondents noted that they usually sought medical treatment if they had money at the time of illness.

Public hospitals were the most visited health service facility (28.81%) cited by respondents who had been ill during the previous month. This could be due to limited financial resources, as public hospital provided the cheapest health services. Second came repeated medication, which was used by those who suffered from a chronic illness. Obviously, when people could afford it they chose to use private health services, as 12.99% of the respondents sought treatment at a private clinic. In discussions, people pointed out that when they went to a private clinic, it was usually a cheap one, which charged a modest fee of E£7, unless the illness was really serious and then they would go to a clinic that charged on average a fee of E£10.

Table 5.56: Fees on average in health facilities used by respondents in E£

Health facility	Fee	Health facility	Fee
Public hospital	1.00	Private clinic	7.00-10.00
Private polyclinic	3.00-5.00	Social affairs polyclinic	1.25
Polyclinic affiliated with an MO	3.00-5.00	Other types of state polyclinics	1.10-1.25
Polyclinic affiliated with a CO	2.00-5.00		

In discussions, subjects noted that they usually sought medical treatment for their children at what they thought were better facilities, such as private clinics or family planning centres for infants. For adults, they used public hospitals because they were cheaper or sometimes because they were specialised, such as chest hospitals. In case of those who suffered from a chronic illness, patients sought medical treatment at a private clinic or a polyclinic.

Most respondents who used public hospitals did not think that doctors and nurses were qualified or caring; however, they acknowledged that public hospitals had equipment and they were affordable. Some respondents, though, reported that they had to be discharged from a public hospital several times because the hospital did not have the basic medical material, such as cotton, and thread, to carry out surgical operations; others reported that they had to procure these materials from a private pharmacy at market prices to be able to have the operation on time.

Respondents pointed out that they expected health care to be provided by the state and expressed their disappointment in the quality of service offered at public health care facilities. Again the state has failed to meet their expectations in the area of health care. This is why they are looking for alternative solutions in the voluntary and private sectors.

Interviews revealed that respondents preferred to seek medical advice at private facilities, if they could afford them, as they believed that the staff were more caring and attentive to their ailments than at public facilities because the former charged fees whereas the latter were nearly free. This attitude reflects that respondents were

aware of the correlation between the quality of service and charges. They recognised that service providers were more responsive and accountable if they charged higher fees for these services.

The main problem for most respondents seemed to be with medicine. The majority of the respondents (86.25% or 138 out of 160) had problems in obtaining medicine. Of these 137 (99.28%) reported that they found medicine too expensive. Some participants in the focus groups pointed out that sometimes although they would seek medical advice, they would not purchase the medicine because it was too expensive. They suggested to the researcher that the state should subsidise the medicine. Once again, it was clear that people had unfulfilled expectations from the state in health care provision.

Limitations of the Research

This study has two main limitations. First, the research does not assess the attitudes of lower income groups towards the state and/or regime and their success or failure to carry out their obligations towards them according to their perceptions. However, the sensitivity of the topic prevented such a study. This fieldwork was still useful because it measures the usage of a sample of lower income groups in Cairo of state welfare products; and it was still possible to get an idea of people's expectations and frustrations. Second, the sample is not representative of lower income groups; subjects were not chosen randomly, as has already been pointed out in the discussion of sampling, to enable us to make generalisations. Nonetheless, it still

presents a portrait of the usage of state welfare products by lower income groups and their evaluation of these products.

The researcher encountered some problems when collecting the data. Sometimes the contacts themselves hindered the research by intervening on behalf of the respondents, and leading them to answers, or modifying their answers (this happened especially with food consumption when sometimes contacts felt the quantities reported by respondents were unrealistic). It was a bit difficult to stop the contacts from intervening and affecting the direction of answers without antagonising them. This was a sensitive issue because contacts were essential to gain the trust of the subjects; furthermore, they also provided valuable contribution at times, by engaging in conversation with the subjects, which revealed insightful information. However, their presence sometimes proved to be an obstacle because people knew them personally, and they felt embarrassed to expose their income and consumption patterns in their presence.

Usually, respondents were intimidated and cautious at the beginning of the interview, some of them were reluctant to engage in the survey, but as the conversation went on, and they realised that the questions were related to their everyday life, they started to feel at ease and the conversation flowed smoothly. In some cases, people corrected some of the information that they had given earlier in the questionnaire. This of course made the researcher slightly dubious about the information collected from other cases, where respondents did not make any corrections. But as the corrections were usually not major, the answers could still be considered reliable.

Sometimes, subjects became too emotional when they talked about their problems, which were not always related to the research; one woman, for instance, who had a problem with her husband, fainted during the interview, and it took some time to bring her back to consciousness and to start the conversation once more. Also as people looked for sympathy, they sometimes exaggerated their plight in terms of low income, and consumption of some items mainly beef. In some cases, this was pointed out later by the contacts and corrections were made.

The purpose of this 'independent' research was explained clearly to the subjects, namely to examine the products provided by the state in the fields of food subsidy, education, and health care in order to assess whether the state is fulfilling its obligations towards its citizens. However, respondents, in general, were divided between those who thought the research was done to take resources from them (taxes, removing subsidy), and those who thought that the research was conducted to provide them with additional benefits in the aforementioned fields. This of course affected their answers.

Potential Areas of Research

Based on this survey and discussions in focus groups, the researcher has identified the following issues as potential areas that command further research:

Food Subsidy: Research may be conducted on people's opinion about the utility of subsidised items. In other words, whether they would like to have other items sold with the ration card instead of oil and sugar.

Education: More research may be done on the children's perceptions of and attitudes towards education, and how they differ from their parents' attitudes to determine whether education is considered to be 'useful' among younger generations. Concerning the expenditure on education, other items should be taken into consideration, such as buying uniforms, books, and stationery.

Health: More research should be conducted on the most important criteria for people in deciding which health facility to use. As some respondents pointed out in the focus groups, for example, that where people sought medical treatment depended on factors such as the severity and time of illness (evening or morning). If it was severe and at night people would choose the nearest place, even if it was expensive; otherwise they could wait until the morning and visit another facility that they thought was more affordable but was a bit far. Additionally, the importance of competence of staff or their care and the affordability of service in influencing the decision of where to seek treatment should be investigated. Another possible area of research is comparing usage of health care services by lower and upper groups to examine the impact of income on health status.

Based on this survey of welfare programmes in Egypt in the areas of food subsidy, education, and health care, the researcher concludes that there is room for reform in welfare policies pertaining to these areas. In the following section, we will draw up some conclusions regarding the social contract between the state and lower income groups, and recommendations to improve the welfare system in these areas.

Conclusion and Recommendations

Although the sample was not representative, one can still infer that the system entails leakage, which can be revealed through a representative survey from all income groups in society. The state has introduced a dual system of ration cards to target food subsidy more specifically at lower income households. However, the fact that among the lowest two income brackets in the sample, 16 out of 70 households (22.86%) did not have a green ration card, whereas 9 households in the sample who lied in the upper two income brackets had green ration cards shows that upper income groups may be receiving full subsidy which is denied to those in the lowest income groups.

The respondents revealed their attitudes towards the state indirectly through the reasons they cited for preferring the ration subsidy to cash subsidy. The respondents did not think that the state cared enough about their welfare to secure them a cash subsidy that would not be rescinded over time. They felt that the ration card subsidy was more binding for the state. They also realised that once the state replaced the in-kind subsidy for cash, it would be easier to abrogate the whole subsidy system over time. It seemed that they were aware that the state might remove subsidies altogether, as in many cases when the researcher posed the question about the preferred type of subsidy, respondents asked instantly whether the government was going to repeal the ration system.

This exposed the weakness of the social contract between these lower income households and the state. The system of subsidy was identified by many subjects as

inefficient and/or insufficient; and the state was perceived as indifferent to their problems, and, hence, respondents did not feel obliged to support the system. This was clear in the respondents' comments and observations that showed their frustration with the state. Nevertheless, they were also reluctant to give up what they perceived as their right in the form of the ration system or the nominally 'free' education or health care.

The survey demonstrated that public education was far from free. Households were burdened by tuition fees that go under different names, in addition to supplementary lessons that are essential for the child to pass his/her exams. This exhibited the ineffectiveness of the alleged 'free' state education, and, therefore, another area of failure of the state to meet its obligations of the social contract. The state system of education has failed many people in lower income groups, who could not complete their education successfully; furthermore, it has failed to secure them the aspired for secure employment.

Finally, moving on to the area of health care, we encounter another failure. Although respondents acknowledged that the services offered at public hospitals or national health insurance were affordable, the quality in terms of qualification and care of doctors/nurses was not comparable to that of private facilities or even that offered by facilities affiliated with MOs and/or COs. This is an area, therefore, where civil society can relieve the state by meeting the needs of these communities. Since most of the funds allocated by the state to the health sector are wasted on salaries rather than drugs or health facilities, the state can help by offering subsidies to these organisations and directing subsidies towards drugs instead. However, this

may eventually result in a loss in legitimacy and more alienation of the population, who still use public facilities, and are already frustrated with the state, as they do not think that it provides enough.

Conclusion

In this chapter, we presented the fieldwork conducted by the researcher during the period October 1998 – December 1999. The purpose of the fieldwork was to investigate the performance of the Egyptian welfare state, in Cairo, in the following areas, food subsidy, education, and health. Although not representative, this study shed some light on the attitudes and perceptions of some lower income groups, in a district in Cairo, of welfare provision.

Low-income households interviewed made use of welfare products provided by the state; however, they were not always content with the quantity and/or the quality of these goods and services. They preferred the market option if they could afford it. This reveals the failure of the state in welfare provision, and that people are ready to seek solution in the market as much as their means will allow them. The voluntary sector has also acted as an alternative provider, especially in the area of health care.

The implication of this for the state and the regime is that the social contract based upon welfare provision is falling apart, as these welfare products have fallen short of people's expectations. There is an increasing discontent with the performance of the state in welfare provision. The state is retreating from welfare provision because of its financial burdens. This trend is expected to persist at least in the short run.

Thus, welfare provision can no longer serve as a central component of the social contract. This means that the regime needs to redefine the social contract.

Conclusion

Introduction

The researcher used social contract theory to explain regime legitimacy and state-society relations in Egypt. The researcher's interest in the question of legitimacy in Egypt has arisen because of Western, mainly US, preoccupation with the stability of Middle Eastern regimes. The Iranian revolution in 1979, which overthrew the Western supported regime of the Shah, exposed the fragility of Middle Eastern regimes and their weak bases of support in society.

Since the 1952 revolution, successive Egyptian regimes have tried to preserve the stability of their rule, in other words to remain in power, by increasing the powers of the President. They have managed to expand their autonomy vis-à-vis society by forming a social contract with society based upon restriction of liberties and participation of the public in the political process. In exchange, they have made commitments to achieve certain objectives, such as national and economic independence and prosperity, according to their visions for their country. Changes in the objectives of each of these Egyptian regimes, throughout the last four decades, necessitated the modification of terms of the social contract. As a consequence, state-society relations have been marked by continuous change.

In general, state-society relations are dynamic; the strength and autonomy that the state and society enjoy vis-à-vis each other are not constant. The state regulates the relationship between society and different state institutions, as well as relationships among different actors within society. State policies and decisions are supposed to serve the 'common interest' of citizens or the 'general will' in society.¹ On the other hand, society tries to protect the individual from the excesses of the state through the operations of civil society associations. Civil society associations promote the right of the individual to 'life, liberty, and property' by advancing and protecting the interests of their members and constituencies.

To be able to pursue independent objectives from the interests of influential groups within society, the state has to be strong and enjoy relative autonomy from these groups. A strong state is not only the one that intervenes to change political outcomes, but also a state that can 'intervene, withdraw, reform or abstain'. On the other hand, a weak state fails to change the outcome of private actors and is characterised by collusion between public officials and private actors, and serves the interests of key groups in society.

Neo-Marxists consider the state to enjoy *relative* autonomy, when the state succeeds in balancing the interests of conflicting classes. However, it promotes the long-term interests of the dominant, political, or economic class. The state secures autonomy because of its monopoly over the means of coercion.

¹ Jessop, B., *State Theory: Putting the Capitalist State in Its Place*, (Cambridge: Polity Press), pp. 341.

As the relationship between the state and society is dynamic, the strength and autonomy of the state may change over time. A **strong state** enjoys both high autonomy and high support from society; the policies of the state, which reflect its preferences, are supported by society. An **independent state** enjoys high autonomy but low support; it implements its policies regardless of the preferences of society. A **responsive state** has low autonomy and high support, as it carries out policies that translate the preferences of society. Finally, a **weak state** scores low on both autonomy and support; it fails to act autonomously from the contending preferences within society.

From this typology, it follows that the strength of the state is not only determined by the ability of the state to carry out its preferences, but also by the support it enjoys, in other words the legitimacy of the state. The legitimacy of the state refers to 'the extent to which social and political norms in a given society are accepted, especially those applying to the exercise of power or the domination of some individuals or groups of individuals by others'.² The author used social contract theory to explain the legitimacy of the state.

The Social Contract

In this research the author has used social contract theory to analyse state-society relations in LDC states, focusing mainly on Egypt. Although the utility of social contract theory for analysing state-society relations has been questioned by political

² Rush, M., *Politics and Society: An Introduction to Political Sociology*, (New York: Prentice Hall, 1992), pp. 53.

philosophers, such as Hume and Hegel, the author of this research argues that social contract theory is relevant for explaining the crisis of legitimacy of political authority in many LDCs.

According to social contract theorists, leaders have certain obligations towards their citizens. Citizens owe their leaders obedience as long as the latter are able to carry out these obligations. If the leader fails, then his/her rule is no longer legitimate. At this stage, some social contract theorists, such as Locke, believe citizens have a right to resist the ruler's authority.

Locke explains that as the leader fails to meet his/her obligation of the social contract, political authority ceases to be legitimate and the population has a right to resist his/her rule. Nevertheless, this does not mean that they will use their right to resist. Accordingly, the fact that they do not resist does not mean that they perceive political authority as legitimate.

Rush argues that acquiescence of citizens does not mean that the authority of the leader is legitimate. He classifies other reasons for acceptance of authority into negative and positive. Negative acceptance of authority stems from the fear of citizens if they do not follow law and order because of physical or material threat. They may accept authority also because of lack of interest or feeling that they cannot change the situation. Positive acceptance of authority emanates from

material gains that citizens acquire from the prevalent political system; these include gains from patronage networks.³

The researcher argues that social contract theory can be a useful tool for analysing the legitimacy of regimes in LDC states. Many LDC regimes have tried to consolidate and legitimise their rule through a social contract with society. They committed themselves to achieve certain objectives, such as national independence, industrialisation, and welfare, in return for the allegiance of their citizens.

Yet, the formula of the social contract has not been static in LDCs. In the absence of strong democratic institutions that can guarantee legitimacy for the regime and stability, LDC regimes have often redefined the contract, changing their obligations according to domestic and international exigencies.

One of the main obligations in the social contract in many LDC states has been welfare provision. Although the welfare state has been a central component of the social contract in advanced countries and in LDCs, and, hence, has served as a legitimisation tool, the mechanism by which the welfare state generates legitimacy is profoundly different in both cases.

³ Rush, M., *Politics and Society: An Introduction to Political Sociology*, (New York: Prentice Hall, 1992), pp. 21.

The Western Welfare State

The Western welfare state has evolved over the last three centuries. At the beginning of the state's involvement in welfare provision, its role was confined to reducing poverty by finding jobs for the unemployed. With the rise of industrialisation, the state became more active in welfare provision by offering a *residual* system with the aim of improving working conditions, and providing health care and education for the deserving poor after subjecting them to a means test. However, the welfare provided by the state remained limited, to guaranteeing a minimum standard of living below which no one was supposed to fall, in order to prevent recipients of welfare from relying on the state welfare system rather than employment.

In the aftermath of World War II, citizens in Western countries came to realise that they all shared a risk in time of war; therefore, they should share a risk in time of peace as well. They had an interest in supporting a welfare system that insured them against the risk of destitution, illness, and unemployment. Accordingly, the welfare state provided *universal* welfare for all citizens regardless of their class or economic ability. The welfare state shifted from its focus on the poor and disadvantaged towards improving the welfare of all members of society, and creating a welfare society. In such a society, all members enjoy welfare because of their citizenship rights. This shift had a significant impact on Western societies; it emphasised solidarity and social cohesion.

Thus, the welfare state has, particularly, flourished after World War II, in response to rising demands for social rights. Social rights form the last phase of a three-phase process that encompasses civil, political, and social rights. These rights are tied to duties of citizens towards each other and towards the state. Within this context, the state respects the liberties of its citizens. This is guaranteed through the **strong** democratic institutions of the state that promote pluralism and the political participation of citizens, and generate stability. This is because the state regulates conflict and co-operation among different actors within society; and all members of society have a stake in maintaining the political system, which takes their interests into consideration.

In other words, the welfare state has been a manifestation of the social contract in Western societies since World War II. The welfare state has been a tool of legitimation because it seeks to maintain social cohesion in society. The welfare state promotes social cohesion via two means, distribution of resources, and managing the conflict between capital and labour. By being involved in the production and/or delivery of welfare, the state has enhanced equality in society; all members of society are entitled to the same welfare products regardless of their economic ability because they are citizens of the state. In addition, the state has minimised conflict between capital and labour through regulation of capital, product, and labour markets.

By regulating capital-labour relations, Marxists, such as Habermas and Offe, argue that the welfare state, acts as a mechanism for legitimation. This is because it provides the capitalist system with its requirements of skilled, healthy labour.

Therefore, it contributes to the process of accumulation of capital. On the other hand, by providing labour with welfare products, such as health care and education, the state eliminates a potential source of discontent. This way, the welfare state generates legitimacy for the capitalist system of production by satisfying the demands and needs of both capital and labour.

The state's endeavours to promote harmony between capital and labour, by satisfying the needs of both groups, were facilitated by the liberal international trade environment that followed World War II. Western economies enjoyed periods of fast economic growth that enabled them to sustain the welfare state. However, by the late 1970s, the international economic environment changed and many of the Western states experienced a *fiscal crisis* due to slow rates of economic growth. This placed a pressure on the state to curb expansion in welfare provision. This has been compounded by the increasing pace of globalisation, which necessitates a change in socio-economic institutions to adjust to the new environment. The retrenchment of the state has led to the diminishing of the welfare state. This marks the need for the modification of the social contract to maintain social cohesion and solidarity in society.

The LDC Welfare State

Many LDC states gained their independence through a military coup d'état, after a long period of struggle against colonial powers. Once they ascended to power after a military coup, revolutionary regimes had to consolidate their rule. They were faced with the problem of generating legitimacy for their rule, and in some cases for

the state as well. Most of these states were artificial creations, and even those who had a long tradition of statehood, lacked strong institutions to confer legitimacy upon the regime and guarantee its legitimacy.

Thereupon, many revolutionary regimes in LDCs tried to prolong their rule by expanding their autonomy vis-à-vis society using material incentives, such as welfare provision, and coercion in order to generate stability, which meant the continuity of their rule. To this end, they empowered the regime rather than the populace, as they sought to constrain liberties and keep the public away from political participation by blocking all avenues of participation. In return, the regime pledged to achieve objectives, such as national and economic independence, and to provide welfare for the public.

Thus, the social contract in LDCs was based on exchange and material gain rather than promotion of liberties. The public gave up their right to political participation for economic benefits, in the form of subsidised food, free education and health care. These welfare products were marketed to the public as their rights, in emulation of the Western welfare state. These rights, however, were not tied to duties or promotion of work ethic and values. They were more the fruit of independence, which was secured by revolutionary regimes. This strategy has produced stability only in the short term.

As long as the regime was able meet its commitments and deliver welfare products, the public was acquiescent. Once the resources of the state dried up, and the regime was unable to carry out its obligations, the populace rose against the regime in

many LDCs. The public felt that the regime had failed to meet its obligations. The regime's response then entailed a redefinition of the social contract. It not only expanded in providing welfare to the public, but also introduced some measures of political liberalisation in an attempt to secure regime survival and gain legitimacy.

Although leadership in many LDC countries purport to have adopted democratic systems, the populace shows apathy and cynicism towards both their states and regimes, as evident in a low turn out rate in elections in many LDCs. The introduction of democratic institutions has not enhanced regime legitimacy, as the public perceives these institutions as a façade for democracy, and not as a representation of a true democracy based upon the participation of all members of society and a rotation of power.⁴

Thus, in the absence of genuine political participation and a democratic system that ensures that the interests of all members of society are taken into consideration, and that 'citizens' can influence the decision making process, regime legitimacy will remain weak; and stability will not prevail within LDC societies. The social contract will not be durable as it fails to generate long-term legitimacy and it is not a manifestation of social cohesion in society.

⁴ Leca, J., "Democratization in the Arab World: Uncertainty, Vulnerability and Legitimacy. A Tentative Conceptualization and Some Hypothesis", in G. Salamé (ed.), *Democracy without Deomocrats? The Renewal of Politics in the Muslim World*, (London: I.B. Tauris, 1996), pp. 49, 54.

Egypt's Social Contract

The author of this research argued that in Egypt, as in many LDC states, welfare policies have been manipulated by the regime to acquire legitimacy. Since the 1952 revolution, the social contract, between society and the regime, has been based upon exchange of liberties and participation in the political process for the achievement of declared objectives, such as national and economic independence, and welfare provision.

Nasir's Social Contract

Upon assuming power, after the military coup d'état of 1952, Nasir sought to consolidate his rule by curtailing the power of other influential actors in society, such as the landowning elite. He tried to expand the autonomy of his regime by committing his regime to attain national and economic independence, and providing welfare products to the population. In return, the populace was expected to support the regime and give up its right to political participation.

The main beneficiaries of this formula were middle and lower income groups that gained from welfare provision, in the form of land reform, food subsidies, and free education and health care. Civil society had no active role in this formula as the regime assumed a patriarchal role and expanded the functions of the state to include providing for society and taking the lead in industrialisation and development. Therefore, civil society associations were overshadowed.

Nasir's failure to create a 'durable legitimate system' was exposed by the defeat of 1967. The defeat resulted in a tear in the social contract, as the regime failed to meet its obligations of maintaining national independence, with the loss of the Sinai. Furthermore, the economic difficulties that followed the war necessitated the retrenchment of the state. As a consequence, regime legitimacy was undermined because of the regime's failure to attain its declared objectives.

With the defeat of 1967, Egyptians became cognisant of the regime's inability to meet their expectations. They suffered from humiliation and a loss of pride, after Nasir had promised to maintain their independence by adopting anti-Western non-aligned foreign policy. All the slogans of the revolution, Arab nationalism and socialism, had proven to be unattainable. The Egyptians gave up their right to political participation for the project of national development. In return they gained some immediate benefits, in the form of some kind of 'welfare', mainly free health care and education, guaranteed employment, and land reform, which all led to an improvement in income distribution.

The revolt against Nasir came in the aftermath of the defeat. The public came to realise that the grand national-development project and victory over their long portrayed external enemy, Israel, were unattainable dreams. Nasir responded to the rising discontent that ensued the defeat with a combination of repression, and political and economic liberalisation measures to contain his critics.

The failure of the regime to meet its commitments meant that the populace was no longer obliged to support the regime. The populace chose to use its right to revolt

against its illegitimate regime. The failure of the social contract formula that held society together behind their regime necessitated the redefinition of the social contract. However, Nasir died before instating a new formula.

Sadat's Social Contract

When Sadat came to power, he realised the need to redefine the social contract. Sadat's social contract involved peace with Israel, more economic liberalisation, and economic prosperity based on an alignment with the West, and limited political participation.

Sadat's first major task was to liberate the territories occupied by the Israelis in 1967, and to end the unbearable situation of 'no war, no peace'. Once this had been achieved, through co-ordinating with other Arab countries and the help of the Soviets, Sadat set out on his project of realigning Egypt with the West and making peace with Israel. He believed that the way to prosperity was peace with Israel. Egypt could not afford to fight Israel, which was supported by the US. Furthermore, there was no chance of Egypt realigning with the West as long as it continued its war with Israel.

In an attempt to emulate the Western liberal economic model, and following the recommendations of the IMF, Sadat launched the open door policy in 1974. He hoped to attract foreign investment, and, hence, bring economic prosperity to Egypt. However, the *infitah* was geared more towards a consumptive rather than a productive economy. Thus, Sadat's *infitah* benefited only a small segment of the

population, namely, the business elite, public officials – who had a stake in private investment, and the returning migrants from Arab countries.

For middle and lower income groups there was shift from Nasir's promised spiritual benefits of national independence, dignity and social justice, to material economic benefits of welfare products offered by the state. The flow of foreign aid, oil revenues, proceeds from the Suez Canal, and remittances of workers from the Gulf enabled the regime to expand in welfare provision, and postpone an economic crisis until 1976. In 1977, due to escalating economic pressures, the regime tried to introduce some austerity measures, namely, subsidy cuts.

Upon the announcement of the subsidy cuts, riots erupted; beneficiaries of subsidies demonstrated demanding their right to food subsidy. They were submissive as long as they received subsidies, once subsidies were removed and it was clear that prosperity would not prevail, they turned against Sadat in the mass protests of 1977. Hence, one can conclude that the riots of 1977 were a manifestation of the failure of Sadat's social contract formula.

Along with economic liberalisation, Sadat introduced some political liberalisation measures, promoting liberties and pluralism. He instituted a multiparty system by licensing political parties. Sadat tried to reinstate a controlled democracy by creating a loyal opposition and allowing more freedom to the press. This eventually led to the revival of a long stifled civil society. Nevertheless, the pluralistic experiment came to a halt towards the end of Sadat's rule, as he placed many of his critics in jail.

Accordingly, at the end of Sadat's rule, the public became disillusioned with Sadat's formula of the social contract. Economic prosperity did not materialise; the separate peace deal with Israel represented a betrayal to the Arab cause. Finally, the limited political liberalisation experiment fell short of the public's expectations. Once again the regime's formula of the social contract, which proved to be so fragile, collapsed within less than a decade. This collapse was symbolised with the assassination of Sadat on 6 October 1981.

Mubarak's Social Contract

Mubarak assumed office after Sadat's assassination. Throughout his rule, stability has been a major priority; Mubarak sought to avoid meeting the same end as his predecessor. Although Mubarak's means to achieve this stability have been, like Sadat, peace with Israel, addressing Egypt's economic problems, and limited political participation, he has been less radical in his policies than Sadat in order to avoid antagonising any of his opponents.

The peace treaty with Israel has remained in place in spite of the Israeli invasion of Lebanon in 1982, and its expansion in settlement building. Despite demands from the opposition to abrogate the peace treaty, the regime has not responded to these demands. This is because the regime has been unwilling to risk its relations with its ally the US and lose the annual aid of US\$3 billion. Furthermore, Mubarak has been cognisant of the fact that Egypt cannot afford to enter into another war with Israel, especially given its economic hardships.

Unlike Sadat, Mubarak has not promised economic prosperity. His treatment of Egypt's economic problems entailed adopting economic reforms in 1991. Mubarak's economic policies did not translate into improvements for the majority of the population. The main beneficiaries, especially during the 1990s, have been the business elite. With the adoption of reforms, the regime intensified its connections with the 'recently formed' business associations of the private sector. This group gained political and economic influence as it was granted access to the 'top-level economic policy-makers'.⁵ Thus, the 1990s proved to be a period of victory for Sadat's 'unfinished de-Nasirisation of Egypt'.⁶

Mubarak continued with the multiparty system installed by Sadat; he allowed more parties to operate and granted more freedom of expression only to the extent that it does not jeopardise the stability of his regime. However, this strategy has only led to the entrenchment of authoritarian governance.

This formula of the social contract, which emphasises material gains (economic welfare) at the expense of spiritual gains (liberties), does not guarantee stability. This is because the population may turn against the regime if they do not *perceive* a change in their material conditions. Improvement in material conditions for the majority of the population is not expected in the short-run because of the economic reforms that involve contraction in state expenditure. Given the regime's limited options, therefore, the only hope lies in democratisation and opening more channels

⁵ Posusney, M., *Labor and the State in Egypt: Workers, Unions, and Economic Restructuring*, (New York: Columbia University Press, 1997), pp. 185.

⁶ Hinnebusch, R., "The Politics of Economic Reform in Egypt", *Third World Quarterly*, vol. 14, no. 1, 1993, pp. 160.

for participation. But the regime has been reluctant to take large steps in this direction because it will probably mean the end of the regime itself.

The Egyptian Welfare State

The definition of the welfare state used in this research is a state that provides cash or in-kind benefits to its citizens not in return for any contribution to output. Using this definition, the author argues that there has been a welfare state in Egypt since 1952. The welfare state was instated by Nasir, expanded under Sadat, and finally retrenched during Mubarak's rule.

Nasir's Welfare State

When Nasir assumed power after the coup d'état of 1952, he lacked a base of support for his rule. He, therefore, introduced some welfare measures to redistribute income in the name of social justice. These measures were identified as the rights of Egyptian citizens. Nasir's policies were successful in gaining the support of middle and lower income groups.

The functions of the state were expanded beyond the 'traditional' domain of 'maintaining order, collecting taxes, and delivering essential services'. The state was promoted by the regime as the advocator of national development. Not only did the state intervene to stimulate the economy and launch projects that were beyond

the capabilities of the private sector, but it was also the sponsor of social justice.⁷ This, however, did not translate into legitimacy for the state. Egyptians looked at Nasir as their patriarch and leader who promoted their interests and welfare. Nasir's regime was, therefore, unable to generate 'widespread respect for procedures and institutions' of the state.

As Nasir's legitimacy was not grounded in the institutions of the state, and was only based on his charisma and achievements, support was conditioned by his ability to deliver the promised independence and/or welfare products. Once Nasir failed to meet the promises, because of the defeat of 1967, the fragility of the social contract based on material gain was exposed. The military, political and economic hardships of 1967 made it more difficult for the regime to provide the promised social welfare to which it had committed itself.

Sadat's Welfare State

Sadat maintained the welfare state instituted by Nasir, until the economic crisis of 1976. Following the recommendations of the IMF, the regime tried to retrench the welfare state by cutting down subsidies. Middle and lower income groups expected an improvement in their conditions because of *infitah*, as the regime has promised. Instead, the regime announced the curtailment of subsidy.⁸ The attempt of the

⁷ Jreisat, J., "Managing National Development in the Arab States", *Arab Studies Quarterly*, vol. 14, nos. 2 & 3, spring/summer 1992, pp. 6-7.

⁸ Brumberg, D., "Survival Strategies vs. Democratic Bargains: The Politics of Economic Reform in Contemporary Egypt", *The Politics of Economic Reform in the Middle East*, in H. Barkey (ed.), (New York: St. Martin's Press, 1992), pp. 84-85.

regime to reduce food subsidies was, therefore, met by fierce opposition of the population in the food riots of 18 and 19 January 1977.

Sadat's response to the 1977 riots was a combination of coercion and yielding to popular demands. The former included the arrest of as many as 1500, and passing a law that declared damage of public property, strikes, demonstrations, and association with an underground or an unrecognised political organisation illegal and punishable by life imprisonment. The second means involved rescinding the cut in subsidies, an exemption of taxes to peasants who owned less than three feddans and income groups with annual income less than E£500, and extension of subsidies.⁹

Following the riots, Sadat realised the significance of the subsidies for middle and lower income groups; therefore, their share in social welfare spending soared, and the number of subsidised food items increased. Subsidies were expanded to include other foodstuffs that had not been subsidised previously, not even under the 'socialist' state of Nasir or under the harsh conditions that followed the defeat of 1967 War. Sadat tried to appease the majority of the population by indulging them in the consumption of goods that they could not afford. Fish and meat were imported and sold at very cheap prices at the co-operatives.

In the late 1970s, the state could afford to finance the expansion of the welfare state. This was feasible because of the aid that flowed from the US and rise in oil

⁹ Ansari, H., *Egypt, the Stalled Society*, (Albany: State University of New York Press, 1986), pp. 187-189.

revenues (especially with the return of oil fields in the Sinai), proceeds from the Suez Canal, which was reopened in 1975, and remittances from Egyptians working in the rich Gulf Arab states. However, this only bought the regime some time, as eventually other aspects of the social contract proved unsatisfactory, and resentment continued until the assassination of Sadat in 1981.

Mubarak's Welfare State

In the early 1980s, the regime tried to maintain the welfare state inherited from Nasir and Sadat. However, as economic problems escalated, the regime found it difficult to sustain high state expenditure. Egypt had a debt crisis in 1986, when it could not service its debt any more or even afford to buy its imports of foodstuffs for one month. Until then, the regime had been reluctant to adopt economic reforms.

With the fall in oil prices, and revenues from tourism, the government could no longer afford to pay for subsidies. It tried to control its imports and encourage exports. In 1987, as it could not service its debt, Egypt asked for the rescheduling of its debt. Finally, in 1991, the Egyptian government, having no other alternative, was forced to adopt the long avoided painful structural adjustment programme. This coincided with Iraq's invasion of Kuwait in 1990, an event that brought windfalls to the Egyptian economy. Here again, Egyptian foreign policy proved to be driven by Egypt's economic ailments. As Sadat had made a decision to sign Camp David Accords to stop the drain of defence expenditures on the budget and to secure aid from the US, Mubarak made the decision to join the US coalition, after a promise to

write off US\$ 7 billion of Egypt's military debt. Other nations followed suit and forgave Egypt most of its debt.

This gave the economy some momentum. Egypt was able to enhance its performance without suffering the same burden of a hangover debt that many Latin American countries were suffering from. The picture started to brighten up at the macro level. The balance of payments improved, the budget deficit shrank, and the government managed aptly to reduce inflation. Upon the requirements of the IMF, Egypt reluctantly initiated a privatisation programme.

The structural adjustment and the economic reform programme encompassed a curtailment of the welfare state. The fiscal crisis of the state, in the absence of sources to finance welfare expenditure, dictated the retrenchment of the state. Under pressure from the IMF, the regime has rationalised the welfare state. The regime has managed to curtail the role of the state in welfare provision, while avoiding mass riots because of employing several techniques. These techniques included obfuscation of 'winners and losers' of the privatisation process, or not announcing austerity measures undertaken, as was the case with food subsidies. As a consequence, food subsidies were reduced, and by the mid 1990s the subsidy covered only four commodities. Moreover, education remains only nominally free, as the cost of education for households has increased under Mubarak.

Conclusion

This research has shown that Egyptian regimes have concluded a social contract with the population. The terms of the contract has entailed patronage for those who can be co-opted into the system, such as the opposition.¹⁰ Successive Egyptian regimes have fostered a corporatist system, where the state has tried to control different interest groups in society through networks of patronage. However, large segments of society, who are employed in the informal sector (as was confirmed through the fieldwork), are inaccessible to the state. To reach these groups, in the absence of a sound process of political participation, the regime has had to employ other mechanisms, mainly welfare provision.

Although the state has attempted to provide education, food subsidies, health services, employment, housing and transportation for Egyptian 'citizens', many of these goods/services have not been adequate or of good quality, as was shown through the fieldwork in this research. These welfare products have been described by Rugh as serving 'more as a hope than a remedy'.¹¹

The government has allocated more resources to health and education, yet a large proportion of these resources has been swallowed by disproportionate salaries. This has meant that the quality of services has deteriorated as fewer funds have been

¹⁰ Jreisat, J., *Politics without Process: Administering Development in the Arab World*, (Boulder: Lynne Rienner, 1997), pp. 96.

¹¹ Rugh, A., *Coping with Poverty in a Cairo Community*, (Cairo: American University in Cairo Press, The Cairo Papers in Social Science, vol. 2, monograph 1, January 1979), pp. 91.

allocated to the purchase of educational materials in the case of education, or drugs in the case of health care, or building facilities in both cases.

This research has shown that welfare provision cannot serve as a durable source of legitimacy. Expansion in welfare provision is constrained by the limited resources of the state, which prevents it from fulfilling the demands of the rising population. Economic difficulties necessitate a cut down in its expenditure on welfare programmes. Nevertheless, it cannot retreat from its role due to the resistance of beneficiaries and fear of upheaval.

The two alternative providers in this case are the private sector and the voluntary sector; both alternatives pose problems for the state. Encouraging private investment in the education and health sectors will most likely lead to the introduction of an expensive modern service that will be beyond the financial capabilities of lower income groups and will not cater for their needs.¹² The voluntary sector, on the other hand, can cater efficiently for the needs of lower income groups. However, in a situation where state and/or regime legitimacy is weak, the success of the voluntary sector to provide for lower income groups will compromise the legitimacy of the state and the regime even further as the deprived segments of the population become more alienated from the state and their leaders.

Thus, if the state retreats from all the aforementioned areas, it will lose the already weak support that it enjoys. The formula of the social contract of substituting

¹² Higāzī, I., *al-Faqr fī misr* [Poverty in Egypt], (Cairo: The National Centre for Social and Criminal Research, 1996), pp. 126.

welfare for politics, which has been in place since the revolution, is not functional anymore due to the economic difficulties of the state. The state has overstretched itself by trying to expand in welfare provision for a rising population. However, with the contemporary economic dilemmas, the state can no longer afford to provide these goods and/or services. Thus, the state has tried to cut down its welfare expenditure, for example through food subsidy cuts and raising the costs of education. As a consequence, the population, especially middle and lower income groups that have been promised equality, social mobility and prosperity, feel betrayed as what they have been offered has been eroded.

Thus, the regime needs to provide a new formula for the social contract that promotes social cohesion in order to act as a durable source of legitimacy. This is because citizens need to feel their interests are taken into consideration to support the political system not out of fear or for material gains. Mubarak has been obliged to redefine the social contract, by allowing more freedom of expression, allowing more political parties to operate, and giving civil society more space to grow, due to the financial constraints imposed on the state that dictated retrenchment.

Retrenchment of the state will, therefore, mean that the regime will have to look for alternative sources of legitimacy. The remedy lies within civil society and more political participation. The regime should reform the political system and allow civil society to take on some of the obligations of the state, even if this leads to destabilisation of the regime.

The implication for the state could possibly be a stronger state through building stronger state institutions. In the short run, though, it will result in a loss of autonomy vis-à-vis society, as civil society associations are allowed more autonomy in running their operations. In the long run, however, it will probably generate a durable legitimacy for the state, and accordingly the regime. For the current regime, such an option would be suicidal, but it will secure a stable source of legitimacy for successive regimes.

In this formula, welfare provision by the state should be limited and not exploited as a means for generating legitimacy, as it has already proved to be hazardous. Although the state 'cannot (and should not) be the provider to every member of the community', it is important that the state guarantees a minimum standard of living for its citizens when market solutions fail and in areas where the voluntary sector cannot meet their needs. The regime should be able to demonstrate to its citizens, especially those at the lower end of the social strata that their interests are taken into consideration so that they do not feel socially and politically excluded from the system. This exclusion is inimical to the interests of the regime as it can lead to alienation and the loss of the support of these groups.

The regime should realise that stability is generated through the promotion of liberties and inclusion, rather than exclusion, of all members of society in the socio-political process. By affording the associations of civil society more autonomy, the regime encourages the contribution of members of civil society to socio-economic life, as the public recognises an interest in the maintenance of the system. The populace will come to identify an interest in the continuity of the socio-political

system. In addition, a strong, dynamic civil society can mediate between the state and individuals; more importantly, it can mitigate 'violence' and reduce 'the appeal of the violent groups that have chosen to operate outside the bounds of civil society'.¹³

The regime is aware that it can win more support by opening channels of participation; yet, it fears losing control over the political system, which might not only mean giving up the pro-Western policies of economic liberalisation and peace with Israel, but even the survival of the regime itself.¹⁴

Ironically, by opting for limited participation, Egyptian regimes have denied themselves legitimacy, as they have failed to establish inclusive democratic institutions that are capable of generating genuine support.¹⁵

¹³ D. Sullivan, and S. Abed-Kotob, *Islam in Contemporary Egypt: Civil Society vs. the State*, (London: Lynne Rienner, 1999), pp. 92.

¹⁴ Weinbaum, M., *Egypt and the Politics of U.S. Economic Aid*, (Boulder: Westview Press, 1986), pp. 151-152.

¹⁵ Zaki, M., *Civil Society and Democratization in Egypt, 1981-1994*, (Cairo: Konrad-Adenauer-Stiftung, 1995), pp. 102.

Appendix

Questionnaire

A. BACKGROUND INFORMATION:

Code	Names of members of the household	Relation to informant	Sex	Age	Marital status	Educational qualification	Members who left education without completing diploma/ higher education	Reasons for leaving education	Occupation	Means of income

DEFINITION OF THE HOUSEHOLD: One or more Individuals, related or not, living together permanently, eating, drinking and spending together

B. FOOD SUBSIDY & HOUSEHOLD EXPENDITURE:

1. Does the household possess a ration card? *(If no answer why, then go to question 8, otherwise go to question 2)*

☐ yes

☐ no

Why? *(Tick as many answers as apply)*

- ☐ the household does not need a ration card
☐ items provided by the ration card are not useful
☐ never applied to obtain a ration card
☐ other (please specify _____

_____)

2. Is the ration card green or red?

☐ green

☐ red

3. Does the ration card include all members of household? *(If yes go to question 4, otherwise continue)*

☐ yes

☐ no

How many members does it include? _____

4. Does the household use the ration card? *(If never used answer why then go to question 8, otherwise go to question 5)*

☐ Have **not used** the ration card in the
past 3 months

☐ Have **never used** the ration card

☐ Have used the ration card in the **past 3 months**

Why has the household never used ration cards? *(Tick as many answers as apply)*

- ☐ goods sold on ration cards are of poor quality
☐ lot of trouble to purchase
☐ other (please specify _____

_____)

5. Which items do you usually buy with the ration card?

☐ oil

☐ sugar

6. Do you consume all the rationed items? (If yes go to question 7, otherwise continue)

☐ yes

☐ no

What do you do with the items that you do not consume? (Tick as many answers as apply)

☐ sell them

☐ give them to family/neighbours/friends

other (please specify _____)

7. Which kind of subsidy would you prefer? (If I do not know go to question 8, otherwise continue)

☐ money subsidy

☐ a mix of both

☐ indifferent

☐ ration cards

☐ I do not know

Why do you prefer this kind of subsidy?

8. How much does the household consume of each of the following items on average:

☐ loaves of subsidised *baladi* bread per day

☐ grams of tea per month

☐ kilos of oil per month

☐ kilos of beef per month

☐ kilos of sugar per month

☐ kilos of pasta per month

☐ kilos of rice per month

☐ kilos of milk per week

☐ kilos of ghee per month

☐ chickens per month

☐ kilos of fish per month

☐ kilos of cheese per month

☐ kilos of fruit per month

☐ eggs per month

C. EDUCATION:

These questions should be only addressed to people who have children who are in education, if there is none go to section D

9. Do any of your children go to private/experimental schools or private institutes or universities? *(If no go to question 10, otherwise continue)*

☐ yes

☐ no

Who? Please specify the names and their number in the table of the household

Why? *(Tick as many answers as apply)*

☐ they have better teachers

☐ to learn languages

☐ classes are not overcrowded

☐ the only school in the area

☐ other (please specify _____)

10. Do you think the tuition fees are:

☐ too much

☐ reasonable

☐ little

☐ does not apply

11. Do your children receive require help with their studies? *(If no go to question 12, otherwise continue)*

☐ yes

☐ no

They take: *(Tick as many answers as apply)*

☐ additional group studies at school

☐ private lessons

☐ help from relatives/neighbours/friends

☐ nothing

☐ lessons at MOs/COs

☐ other (please specify _____)

How much does it cost you on average per month? _____ E£

12. What stage/level of education do you want your children to attain?

	Primary	Preparatory	Secondary	Higher education
Boys				
Girls				

13. Do any of your children (boys/girls) attend vocational secondary education? *(If none write zero then go to question 16, otherwise continue)*

☐ boys

☐ girls

14. Why have these children chosen to attend vocational secondary education?

☐ it is easier than general secondary education

☐ the grade scored in preparatory certificate was too low

☐ it is more useful than general secondary education

☐ other (please specify _____)

15. Have they benefited from their vocational studies? *(If yes go to question 16, otherwise continue)*

☐ yes

☐ no

Why have they not benefited from their vocational education?
(Tick as many answers as apply)

☐ studies are too theoretical

☐ lack of proper equipment/ material to work with

☐ teachers are not qualified

☐ other (please specify _____)

16. What do you think secures a better life for your children? *(If education only then go to question 17, otherwise continue)*

☐ learning a craft

☐ education only

☐ both

Why? Because learning a craft allows him to *(Tick as many answers as apply)*

☐ provides the child with more opportunity to get a job

☐ provides additional income for the family at an early age

☐ provides the child with an opportunity to earn higher income

☐ other (please specify _____)

17. Why do you send your children to school? *(Tick as many answers as apply)*

☐ to keep the children off the street

☐ education gives the children a better understanding of life

☐ education enables the children to have more job opportunities in life

☐ education provides social status for the children in the future

☐ education provides more opportunity for the children to earn higher income in the future

☐ other (please specify _____)

D. HEALTH-CARE:

18. In the last month, has anyone in the household suffered from any illness other than cold? *(If no or cannot remember then go to question 19, otherwise continue)*

☐ yes ☐ chronic illness ☐ no ☐ cannot remember

Did all those who needed treatment go for medical advice? *(If none of them had treatment answer why then go to question 19, if all of them had treatment answer where then go to question 19, otherwise continue)*

☐ no one had treatment ☐ all of them had treatment
☐ some of them had treatment

Why? *(Tick as many answers as apply)*

☐ there is no clinic/hospital near you ☐ financial reasons
☐ other (please specify _____)

Where did they go for medical advice: *(Tick as many answers as apply)*

☐ public hospital ☐ clinic/polyclinic affiliated with an MO
☐ private clinic/polyclinic/hospital ☐ repeated medication
☐ clinic/polyclinic affiliated with a CO ☐ other (please specify _____)

_____)

Instructions for the researcher:

These questions directed to those who have children less than 16 years old, if there is none go to question 21

19. In which type of illness would you take a **CHILD** in your household to seek medical advice from the doctor?

☐ Everything ☐ serious illness

20. Where would you take a **CHILD** in your household to receive medical treatment *(Tick as many answers as apply)*.

☐ school clinic ☐ clinic/polyclinic affiliated with a CO
☐ nearest public hospital ☐ clinic/polyclinic affiliated with a MO
☐ private clinic/polyclinic/hospital ☐ other (please specify _____)

_____)

21. In which type of illness would any **ADULT** member in your household seek medical advice from the doctor? *(If everything go to question 22, otherwise continue)*

☐ everything

☐ serious illness

Why? *(Tick as many answers as apply)*

☐ medical treatment is very expensive

☐ fear of doctors and medicine

☐ do not trust doctors

☐ other (please specify

_____))

22. Where would you would any **ADULT** member in your household go to receive medical treatment *(Tick as many answers as apply)*.

☐ health insurance for workers and employees

☐ clinic/polyclinic affiliated with a CO

☐ nearest public hospital

☐ clinic/polyclinic affiliated with a MO

☐ private clinic/polyclinic/hospital

☐ other (please specify _____

_____))

23. To what extent do you dis/agree with the following statements about each type of medical centre.

agree, neutral, disagree, not applicable

	doctors/nurses are knowledgeable	doctors/nurses are caring	proper equipment is available	service is affordable
public hospital				
clinic affiliated with a CO				
private clinic/polyclinic/hospital				
health insurance for workers and employees				
school clinic				
clinic affiliated with an MO				
other (please specify _____)				

24. Do you have problems obtaining medicine? (If no or does not apply then go to question 25, otherwise continue)

☐ yes ☐ no ☐ does not apply

What are these problems? (Tick as many answers as apply)

☐ too expensive

☐ not available

☐ other (please specify _____)
_____)

E. INCOME:

25. What is the total gross income of the household?

☐ less than £E100

☐ £E251 - £E350

☐ £E701 - £E900

☐ £E101 - £E150

☐ £E351 - £E500

☐ £E901 - £E1000

☐ £E151 - £E250

☐ £E501 - £E700

☐ more than £E1000

26. What are the sources of income in your household?

Source	yes	does not apply	occasional
work			
assistance from the state (please specify _____) _____)			
assistance from MOs			
assistance from COs			
assistance from individuals			
assistance from relatives			
pension			
inheritance			
other (please specify _____) _____)			



استمارة

أ- بيانات أفراد الأسرة:

[illegible]

تعريف الأسرة: فرد أو أكثر تربطهم أو لا تربطهم علاقات القرابة ويقيمون معاً بصفة دائمة ويأكلون ويشربون ويصرفون معاً (يأكلون من معون ومصروف واحد)

ب- انفاق الأسرة والمواد التموينية:

١- يا ترى عندكم بطاقة تموين؟ (لو الإجابة لا جاوبي ليه ثم انتقلي إلى س ٨ وإلا انتقلي إلى س ٢)

☐ لا

☐ أيوه

<p>ليه؟</p> <p><input type="checkbox"/> الأسرة ليست في حاجة إلى بطاقة تموين</p> <p><input type="checkbox"/> المواد في البطاقة غير مفيدة</p> <p><input type="checkbox"/> لم يتم التقديم للحصول على بطاقة تموين</p> <p><input type="checkbox"/> غير ما سبق حددي _____</p>

٢- البطاقة دي خضرة ولا حمرة؟

☐ حمرة

☐ خضرة

٣- البطاقة دي مكتوب فيها كل أفراد الأسرة اللي عايشين معاكم؟ (لو الإجابة أيوه انتقلي إلى س ٤ وإلا كمل)

☐ لا

☐ أيوه

<p>بتغطي كام واحد في الأسرة؟ _____</p>
--

٤- يا ترى بستعملتوا بطاقة التموين بتاعتكم؟ (لو الإجابة ما استعملناش أبداً جاوبي ليه ثم انتقلي إلى س ٨ وإلا انتقلي إلى س ٥)

☐ ما استعملناش البطاقة أبداً

☐ ما استعملناش البطاقة

الثلاث شهور اللي فاتوا

☐ استعملنا البطاقة في الثلاث

شهور اللي فاتوا

<p>ليه ما بستعملوش بطاقة التموين بتاعتكم؟ (مسموح بتعدد الإجابات)</p> <p><input type="checkbox"/> المواد التموينية نوعها وحش</p> <p><input type="checkbox"/> توجد مشاكل في شراها</p> <p><input type="checkbox"/> غير ما سبق حددي _____</p>

٥- عادة ايه هي المواد التموينية اللي بتشتروها ببطاقة التموين بتاعتكم؟

☐ السكر

☐ الزيت

٦- ويا ترى بتستعملوا كل المواد اللي بتشتروها ببطاقة التموين؟ (لو الإجابة أيوه انتقلي إلى س ٧ وإلا كملّي)

☐ لا

☐ أيوه

طيب بتعملوا إيه في المواد التموينية اللي مش بتستعملوها؟
☐ بنبيعها
☐ بنديها للأهل/الجيران /الأصدقاء
☐ غير ما سبق حددي _____

٧- هل كنتم تفضلوا إن الحكومة: (لو الإجابة لا أعرف انتقلي إلى س ٨ وإلا كملّي)

☐ تديكم فلوس وتلغي بطاقة التموين
☐ تعطيوكم فلوس وتخلي بطاقة التموين
☐ تخلي بطاقة التموين وما لا أعرف
☐ مش فارقة تديكمش فلوس

ليه؟

٨- عادة بتستعملوا أد إيه في المتوسط من الحاجات اللي حاقولك عليها دي؟

<input type="checkbox"/> رغيف من العيش البلدي أبو شلن في اليوم	<input type="checkbox"/> جرام شاي في الشهر
<input type="checkbox"/> كيلو زيت في الشهر	<input type="checkbox"/> كيلو لحمه في الشهر
<input type="checkbox"/> كيلو سكر في الشهر	<input type="checkbox"/> كيلو مكرونة في الشهر
<input type="checkbox"/> كيلو رز في الشهر	<input type="checkbox"/> كيلو لبن في الأسبوع
<input type="checkbox"/> كيلو سمن في الشهر	<input type="checkbox"/> فرخة في الشهر
<input type="checkbox"/> كيلو السمك في الشهر	<input type="checkbox"/> كيلو جبنة في الشهر
<input type="checkbox"/> كيلو فاكهة في الشهر	<input type="checkbox"/> بيضة في الشهر

ج- التعليم:

أسئلة توجه فقط للذين لديهم أبناء/بنات مازالوا في التعليم لو لا يوجد انتقلي إلى قسم د

٩- فيه حد من ولادكم في مدارس خاصة أو تجريبية أو جامعات أو معاهد خاصة؟ (لو الإجابة لا انتقلي إلى س ١٠ وإلا كملّي)

☐ لا

☐ أيوه

مين؟ حددي الأسماء ورقمهم في مسلسل الأسرة

ليه؟ (مسموح بتعدد الإجابات)

☐ المدرسين فيها أحسن

☐ عشان يتعلموا لغات

☐ الفصول مش زحمة

☐ المدرسة الوحيدة في المنطقة

☐ غير ما سبق حددي _____

١٠- يا ترى المصاريف:

☐ كتيرة

☐ معقولة

☐ قليلة

☐ لا ينطبق

١١- فيه حد من ولادكم بيحتاج مساعدة في المذاكرة؟ (لو الإجابة لا انتقلي إلى س ١٢ وإلا كملّي)

☐ لا

☐ أيوه

بياخدوا: (مسموح بتعدد الإجابات)

☐ دروس خصوصية

☐ مجموعات في المدرسة

☐ حد من الأقارب/الجيران/الأصدقاء

☐ ولا حاجة

بيساعدوهم

☐ فصول تقوية في الجامع/الكنيسة

☐ غير ما سبق حددي _____

الدروس بتكلفكم تقريبا أد ايه في الشهر؟ _____ جنيها مصريا

١٢- إيه المرحلة التعليمية اللي تحبي ولادك يوصلوا لها؟

	المرحلة الإبتدائية	المرحلة الإعدادية	المرحلة الثانوية	تعليم عالي
بالنسبة للصبيان				
بالنسبة للبنات				

١٣- فيه حد من ولادكم (الصبيان/البنات) بيتعلم تعليم ثانوي مهني او فني؟ (لو لا يوجد اكتبني صفر ثم انتقلي إلى س ١٦ وإلا كملني)
☐ الصبيان ☐ البنات

١٤- ليه اختاروا التعليم المهني/الفني الثانوي؟
☐ لأنه اسهل من الثانوي العام ☐ لأن مجموعهم في الشهادة الإعدادية كان قليل
☐ لأنه أفيد من الثانوي العام ☐ غير ما سبق حددي _____

١٥- يا ترى استفادوا من تعليمهم المهني/الفني؟ (لو الإجابة أيوه انتقلي إلى س ١٦ وإلا كملني)
☐ أيوه ☐ لا

ليه ما استفادوش من تعليمهم الصناعي/الفني؟ (مسموح بتعدد الإجابات)
☐ لان الدراسة نظرية
☐ لان العدد والمواد اللازمة للتدريب غير متوفرة
☐ لان المدرسين مش كويسين
☐ غير ما سبق حددي _____

١٦- في رأيك إيه أحسن لولادكم؟ (لو الإجابة التعليم بس انتقلي إلى س ١٧ وإلا كملني)
☐ تعلم صنعة أو حرفة ☐ التعليم بس
☐ الاثنين مع بعض

ليه؟ لأنه لو كان في ايديه صنعة (مسموح بتعدد الإجابات)
☐ هيكون عنده فرصة اكبر للشغل ☐ هيجيب دخل للأسرة
☐ هيكون دخله أكثر ☐ غير ما سبق حددي _____

١٧- ليه بتودوا ولادكم المدرسة؟ (مسموح بتعدد الإجابات)
☐ علشان نبعدهم عن اللعب في الشارع ☐ التعليم بيديهم فهم احسن للحياة
☐ التعليم بيديهم مكانة اجتماعية في المجتمع ☐ هيكون دخلهم أكثر في المستقبل
☐ غير ما سبق حددي _____

د - الرعاية الصحية:

١٨- خلال الشهر اللي فات فيه أي حد من أفراد الأسرة كان عيان بحاجة غير البرد؟ (لو الإجابة لا أو مش فاكدة انتقلي إلى س ١٩ وإلا كمل)

☐ أيوه ☐ علاج دائم ☐ لا ☐ مش فاكدة

يا ترى كل اللي كانوا محتاجين لعلاج راحوا يتعالجوا؟ (لو الإجابة مفيش حد منهم أخذ علاج جاوبي ليه ثم انتقلي إلى س ١٩ ولو الإجابة كلهم أخذوا علاج جاوبي فين ثم انتقلي إلى س ١٩ وإلا كمل)	
<input type="checkbox"/> مفيش حد منهم أخذ علاج	<input type="checkbox"/> كلهم أخذوا علاج
<input type="checkbox"/> البعض أخذ علاج	
ليه؟ (مسموح بتعدد الإجابات)	
<input type="checkbox"/> مفيش عيادة/مستشفى قريبة منكم	<input type="checkbox"/> أسباب مادية
<input type="checkbox"/> غير ما سبق حددي _____	
راح/راحت فين للعلاج؟ (مسموح بتعدد الإجابات)	
<input type="checkbox"/> مستشفى عام	<input type="checkbox"/> عيادة أو مستوصف ملحق بالجامع
<input type="checkbox"/> عيادة/مستوصف/مستشفى خاصة	<input type="checkbox"/> علاج متكرر
<input type="checkbox"/> عيادة أو مستوصف ملحق بالكنيسة	<input type="checkbox"/> غير ما سبق حددي _____

توجه أسئلة ١٩ - ٢٠ للي عندهم أطفال أعمارهم أقل من ١٦ سنة لو لا يوجد انتقلي إلى س ٢١

١٩- في أي الحالات بتأخذوا ولادكم اللي سنهم أقل من ١٦ سنة للعلاج؟ (لو الإجابة كل شئ انتقلي إلى س ٢١ وإلا كمل)

☐ كل شيء ☐ الأعراض الصعبة

٢٠- لما حد في الولاد بيكون عيان بتأخديه للعلاج فين؟ (مسموح بتعدد الإجابات)

☐ عيادة الصحة المدرسية ☐ عيادة أو مستوصف ملحق بالكنيسة

☐ أقرب مستشفى عام ☐ عيادة أو مستوصف ملحق بالجامع

☐ عيادة/مستوصف/مستشفى خاصة ☐ غير ما سبق حددي _____

٢١- في أي الحالات لما حد كبير في الأسرة يكون عيان بيروح للعلاج؟ (لو الإجابة كل شئ انتقلي إلى س ٢٢ وإلا كملّي)

☐ كل شيء ☐ الأعراض الصعبة

ليه؟ (مسموح بتعدد الإجابات)	
<input type="checkbox"/> العلاج مكلف جدا	<input type="checkbox"/> الخوف من الدكاترة والدواء
<input type="checkbox"/> لعدم الثقة في الدكاترة	<input type="checkbox"/> غير ما سبق حددي _____

٢٢- لما حد كبير في الأسرة يكون عيان بيروح فين للعلاج؟ (مسموح بتعدد الإجابات)

☐ التأمين الصحي للعمال والموظفين ☐ عيادة أو مستوصف ملحق بالكنيسة

☐ أقرب مستشفى عام ☐ عيادة أو مستوصف ملحق بالجامع

☐ مستشفى/مستوصف/عيادة خاصة ☐ غير ما سبق حددي _____

٢٣- إلى مدى توافقي أو ما توافقيش على الحاجات اللي هأقولك عليها موافقة، علي الحياء، غير موافقة، لا ينطبق

الخدمات المقدمة أسعارها معقولة	الأجهزة الطبية متوفرة	الدكاترة والمرضات يبعثوا كويس بالمرضى	الدكاترة والمرضات شاطرين	
				مستشفى عام
				عيادة أو مستوصف ملحق بالكليسة
				عيادة/مستوصف/ مستشفى خاص
				التأمين الصحي للعمال والموظفين
				الصحة المدرسية
				عيادة أو مستوصف ملحق بالجامع
				غير ما سبق حدي

٢٤- فيه أي مشاكل عشان تجيبوا الأدوية؟ (لو الإجابة لا أو لا ينطبق انتقلي إلى س ٢٥
وإلا كمل)

☐ أيوه ☐ لا ☐ لا ينطبق

<p>ايه المشاكل والصعوبات دي؟ (مسموح بتعدد الإجابات)</p> <p><input type="checkbox"/> الأدوية غالية جدا <input type="checkbox"/> الأدوية مش موجودة/متوفرة</p> <p><input type="checkbox"/> غير ما سبق حددي _____</p>

ه- الدخل:

٢٥- في أي فئة من دول يقع الدخل الشهري لكل أفراد الأسرة؟

☐ أقل من ١٠٠ جنيه ☐ من ٢٥١-٣٥٠ جنيه ☐ من ٧٠١-٩٠٠ جنيه

☐ من ١٠١-١٥٠ جنيه ☐ من ٣٥١-٥٠٠ جنيه ☐ من ٩٠١-١٠٠٠ جنيه

☐ من ١٥١-٢٥٠ جنيه ☐ من ٥٠١-٧٠٠ جنيه ☐ أكثر من ١٠٠٠ جنيه

٢٦- ايه مصادر دخل الأسرة؟

المصدر	أيوه	لا ينطبق	أحياناً
العمل			
مساعداً من الحكومة حددي _____			
مساعداً من الجامع			
مساعداً من الكنيسة			
مساعداً من ناس			
مساعداً من الأقارب			
المعاش			
غير ما سبق حددي _____			



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